

CONSOLIDATED NON-FINANCIAL STATEMENT

2021 pursuant to Italian Leg. Decree no. 254/2016

Sustainability Report



CSP INTERNATIONAL FASHION GROUP S.p.A. VIA PIUBEGA, 5C - 46040 CERESARA (MN) - ITALY
VAT/ TAX CODE/ COMPANY REGISTER No. 00226290203 SHARE CAPITAL Euro 17,361,752.42 F.P.
Phone (0376) 8101

www.cspinternational.it

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SUSTAINABILITY PERFORMANCE AT A GLANCE

01 **Safeguarding resources**, through a focus on raw materials and the use of recycled and recyclable raw materials. CSP aims to become more independent from non-renewable raw materials, evaluating the use of recycled pre- or post-consumer yarns or bio-based yarns and researching environmentally sustainable materials for the development of long-lasting products in sustainable packaging.



02 **Production processes with a reduced environmental impact**, by replacing textile machinery with energy-efficient ones, reducing consumption and packaging (plastics first and foremost).



03 **Transparency and traceability of the entire value chain** with our "Made in CSP" project, a venture with which we intend to disclose where and how the pantyhose and hosiery the Group produces are made preferring where possible Italian and French manufacturing and outsourcing only when absolutely necessary.



		2019	2020	2021
Economic results and distributed value				
Sales revenue	Euro mil	108.6	82.9	91.0
Economic value distributed	Euro mil	108.4	85.3	88.4
Territorial supply value -incidence	%	22.0	24.4	24.5
Governance				
Management systems	Integrated Environment, Health and Safety management system ISO 14001 – ISO 45001			
Legality Rating	Three stars (maximum rating)			
Innovative and sustainable products				
Chemical management	Oeko-Tex® Confidence in Textiles - Standard 100 Metal free dyes			
Material and Product Certifications	Partner on projects: GRS (Global Recycle Standard) Organic Cotton - Organic Fibres: EVO® by Fulgar - Regenerated Fibres:Q-NOVA® -Regenerated Cotton-Repetable - Yarn from recycled PET bottles -			
Packaging	FSC certified paper - Forest Stewardship Council (catalogues)			
Customer health and safety				
Cases of non-compliance with product health and safety regulations	No.	None	None	None
The Human Resources				
Employees	No.	750	703	661
Gender equality: % of female employees	%	64%	64%	63%
Employees per geographical area- Italy	No.	362	339	319
Employees per geographical area- France	No.	388	364	342
Serious accidents	No.	None	None	None

The environment				
Energy-Direct Consumption	GJoule	126.3	109.3	109.4
% energy consumption from renewable sources	%	0.34%	21.65%	21.74%
GHG Emissions (Scope 1 + Scope 2 Market-based)	t CO ₂ e	8,382	4,322	4,327
Water – Withdrawals	Mega liters	270	234	171
Water drawn from wells / percentage on total	%	87.9%	88.1%	80.1%
Waste for recovery	%	48%	43%	73%

LETTER TO THE STAKEHOLDERS

GRI 102-14

We were founded in the 1970s with the aim of satisfying the most demanding consumers in the hosiery and underwear sector, and even today that remains our driving vision, always striving to improve every day to meet the present and future needs.

Our vision takes concrete form in the development of a wide range of specialised brands. A choice that, for each brand, brings to the forefront the commitment to the search for new solutions, the innovation of materials, tools and working methods, because we believe that the evolution of technology, together with the advantages of digitalisation, in every business environment, plays a fundamental role in the creation of a planet-friendly business.

We have taken on the challenge of eco-sustainability in the interests of all our stakeholders and we are communicating it transparently, because consumers have developed the need to be informed, even more so during the pandemic crisis.

In order to promote brand loyalty among our consumers, we are committed to developing an open and transparent dialogue on supply chain, sustainability and corporate citizenship.

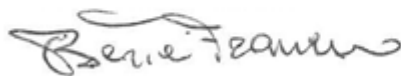
Despite the fact that 2021 was still significantly characterised by the restrictions introduced by Governments to deal with the worsening of the pandemic, CSP's results are positive, thanks to the effectiveness of containment actions and cost rationalisation, but above all thanks to the recovery in consumption recorded mainly in France.

However, we are publishing the Non-Financial Statement for the financial year 2021 in a domestic and international scenario strongly impacted by the dynamics of significant increases in the prices of raw materials, energy costs and transport; dynamics further aggravated by geo-political tensions caused by the war events in Eastern Europe, which will undoubtedly affect the results expected in the coming years.

It is very difficult to predict how the current context, characterised by high uncertainty and low visibility, will evolve. However, this encourages us to continue to invest in the critical success factors linked to the values of our brands, with *consumers who we hope will give preference to responsible purchases for long-lasting, quality products with a focus on safeguarding the planet.*

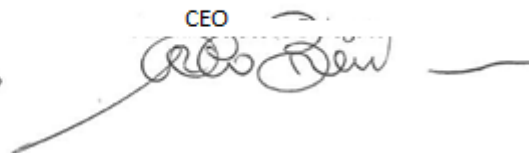
Francesco Bertoni

CEO



Carlo Bertoni

CEO



METHODOLOGICAL NOTE

GRI 102-45 GRI 102-46 GRI 102-50 GRI 102-51 GRI 102-52 GRI 102-53 GRI 102-54

The Consolidated Non-Financial Statement (hereinafter also referred to as the "Non-Financial Statement" or "NFS") of CSP International Fashion Group S.p.A. and its subsidiaries (hereinafter also referred to as "CSP" or the "Group" or the "CSP Group") was drawn up according to articles 3 and 4 of Italian Leg. Decree no. 254/2016 (hereinafter also referred to as "Decree"), implementing Directive 2014/95/EU, and contains information on environmental and social topics, employees, respect for human rights and anti-corruption, useful for ensuring proper understanding of the activities carried out by the CSP Group, its performance trend, its results and the impact of its activities.

The Non-Financial Statement pertains to the 2021 period and was drawn up according to the methodologies and principles set out in the GRI *Sustainability Reporting Standards (In accordance – core option)*, defined by the *Global Reporting Initiative ("GRI Standards")*.

The Non-Financial Statement contains a summary of the information pertaining to the various areas covered (GRI Content Index), so as to allow traceability of the indicators and of the other quantitative and qualitative information presented in the document.

The general principles applied during drafting of the Non-Financial Statement are the ones established by the GRI Standards: materiality, inclusiveness, sustainability context, completeness, balance between positive and negative aspects, comparability, accuracy, timeliness, reliability, clarity.

The performance indicators used are the ones provided for by the adopted reporting standards, and are representative of the various sustainability areas and consistent with the activity carried out and the impacts of said activity. These indicators were selected on the basis of an analysis of their relevance ("materiality"), as described in Chapter 01 *CSP Sustainability and Strategy / CSP impacts - Materiality analysis*. The materiality analysis was carried out on the basis of the provisions of Italian Leg. Decree 254/2016 and the GRI Standards.

For the purpose of drawing up the Non-Financial Statement, consideration was also given to the Communication from the European Commission, published in June 2019, *"Guidelines on the Communication of Non-Financial Information: Supplement on reporting climate-related information (2019/C 209/01)"*, integrating the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The TCFD recommendations include four topic areas: governance, strategy, risk management, metrics and targets.

The reporting scope of the qualitative and quantitative data contained in the Consolidated Non-Financial Statement of CSP refers to the performance of the Parent company CSP International Fashion Group S.p.A. and of its subsidiaries, fully as resulting from the consolidated financial statements of CSP Group as at 31 December 2021, with the only exclusion being Company Oroblù USA and Oroblù Germany as regards environmental and social topics, due to the absence of production units. Quantitative information for which estimates have been used is reported in the different sections of this document.

For the purpose of allowing a comparison of data over time and the evaluation of the trend of CSP's activities, comparative data pertaining to the two previous periods were included.

The NFS includes the information required by Article 8 of EU Regulation 2020/852 on the European Union Taxonomy of Sustainable Activities. The EU Taxonomy sets out the conditions that an economic activity must fulfil to be considered sustainable. This information can be found in Chapter 01 *CSP Sustainability and Strategy / Sustainable Activities: The EU Taxonomy*.

The drafting process of the Non-Financial Statement saw the involvement of the heads of the various functions of CSP.

This document was approved by the Board of Directors of CSP International Fashion Group S.p.A. on 28 March 2022 and, pursuant to Italian Leg. Decree 254/2016, it was audited by the designated auditing company

PricewaterhouseCoopers S.p.A. based on the principles and indications contained in ISAE3000 (International Standard on Assurance Engagements 3000 - Revised) of the International Auditing and Assurance Standard Board (IAASB). PricewaterhouseCoopers S.p.A. is also the company assigned the task of conducting a legal audit of the Consolidated Financial Statements of the CSP Group.

The Non-Financial Statement is published on the Company website at the address cspinternational.it. To request additional information, please contact: sostenibilita@cspinternational.it.

01

CSP – STRATEGY AND SUSTAINABILITY



01 CSP - STRATEGY AND SUSTAINABILITY

CSP International

GRI 102-1 GRI 102-2 GRI 102-3 GRI 102-4 GRI 102-5 GRI 102-6 GRI 102-7 GRI 102-10

The CSP Group founded in 1973 has its headquarters in Ceresara, (Mantua - Italy), in the geographical area of the European hosiery industrial district, where the main production unit of the parent company CSP International S.p.A. is located. CSP International Group produces and distributes hosiery, underwear, beachwear and innovative and top-quality clothing throughout the world.

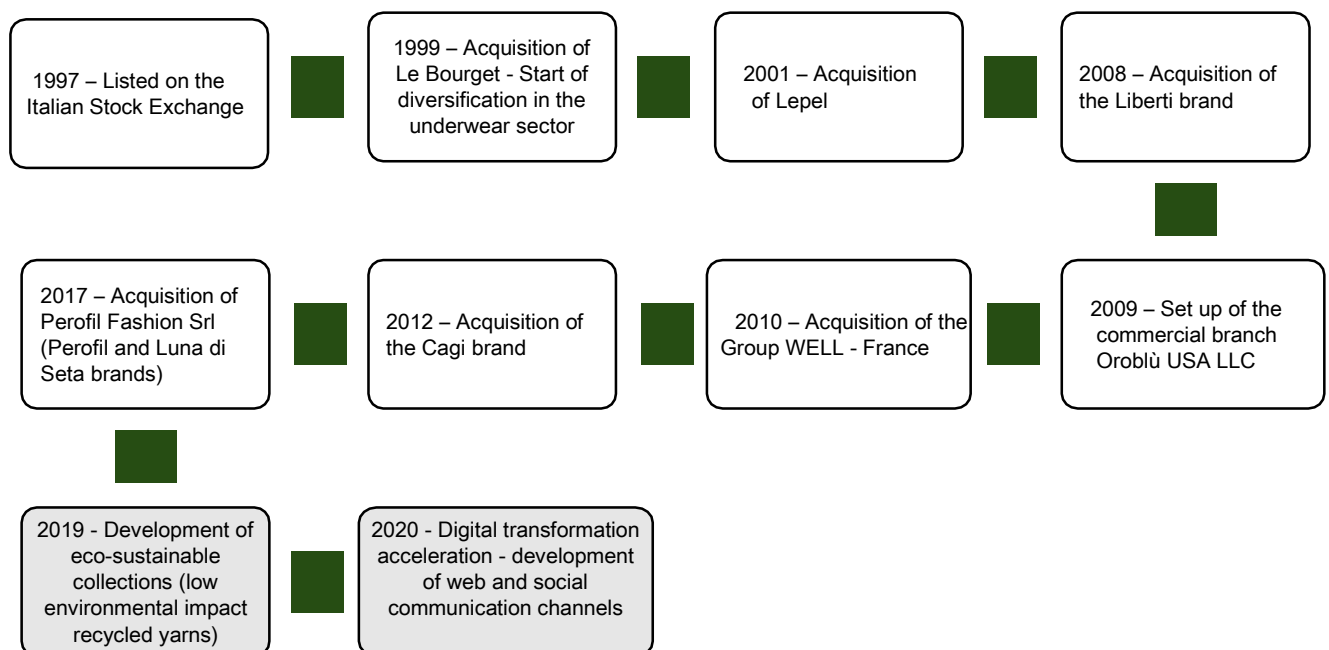
Identity - history and presence on the market



The Group's subsidiaries, headquartered in the U.S.A. and in Germany, carry out commercial activities only.

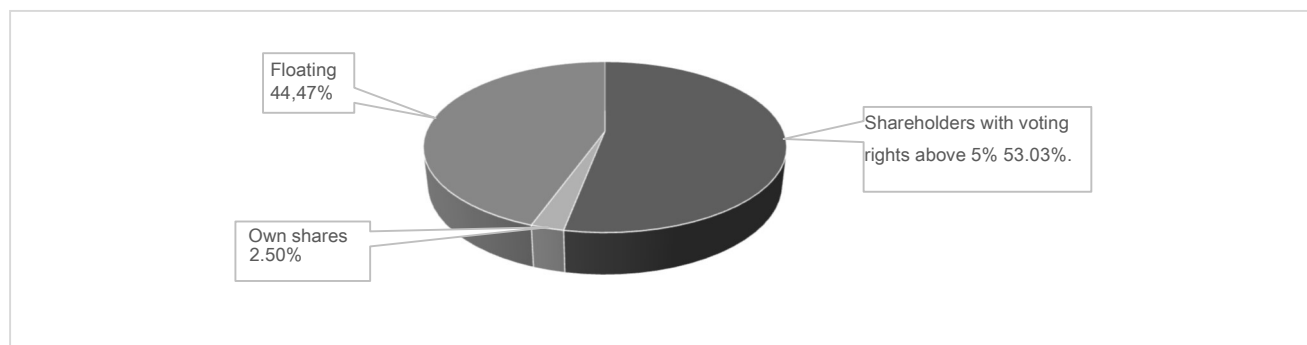
The history

CSP's goal remains, over time, to consolidate its competitive position, also through acquisition, integration and diversification processes.



Company size

The Group generated revenues of Euro 91.0 million in 2021 and has 661 employees at its Italian and French sites as at 31 December 2021. As at 31 December 2021, the share capital of the Parent company CSP International Fashion Group S.p.A. amounted to **17,361,752.42** million Euro, corresponding to **39,949,514** shares with voting right, of which 53.03% belonging to shareholders with voting rights above 5%. [Corporate Governance – CSP International Fashion Group](#).



Shareholders with voting rights above 5%: Maria Grazia Bertoni 24.48% - Francesco Bertoni 21.57% - Giuseppina Moré 6.98%.

Revenue by segment (Euro million)		2019		2020		2021	
		Revenue	%	Revenue	%	Revenue	%
Hosiery		65.05	59.9%	47.26	57.0%	51.2	56.2%
Underwear - knitwear		19.59	18.0%	15.76	19.0%	17.8	19.6%
Corsetry - beachwear		23.99	22.1%	19.91	24.0%	22.0	24.2%
Total		108.6	100.0%	82.9	100.0%	91.0	100.0%

Revenue by geographical area (Euro million)		2019		2020		2021	
		Revenue	%	Revenue	%	Revenue	%
Italy		32.4	29.8%	24.03	29.0%	25.8	28.4%
France		61.5	56.6%	49.70	59.9%	55.6	61.1%
Germany		2.2	2.0%	1.75	2.1%	1.4	1.5%
West Europe		8.9	8.2%	5.16	6.2%	5.5	6.1%
East Europe		1.6	1.5%	1.10	1.3%	1.3	1.4%
Rest of the world		1.6	1.5%	0.90	1.1%	1.0	1.1%
United States		0.5	0.5%	0.29	0.4%	0.4	0.4%
Total		108.6	100.0%	82.93	100.0%	91.0	100.0%

The sector: sustainability as a strategic priority

GRI 102-15

The Green Deal of the European Union and the EU Strategy for sustainable textiles

The European Green Deal, the Circular Economy Action Plan (CEAP) and the Industrial Strategy have identified textiles as a priority sector. The European Commission has outlined the impact of the Covid-19 pandemic on the textile industrial ecosystem in the EU, identifying recovery needs in the light of current and expected weaknesses on both demand and supply.

Despite a growing social trend towards sustainability in the EU textile and fashion industry, Europeans consume an average of 26 kg of textiles per person per year, a significant proportion of this coming from third countries. Each item is used for a shorter period, resulting in 11 kg of discarded textiles per person per year (what is known as the 'fast-fashion' phenomenon).

The **EU strategy for sustainable textiles**, launched in 2021, [EU strategy for sustainable textiles \(europa.eu\)](#) aims to make the textile industry more competitive: in applying the principles of the circular economy to

production, products, consumption, waste management and secondary raw materials, and in directing investment, research and innovation. The target of the strategy is the transition to a climate-neutral circular economy in which **products are designed to be more durable, reusable, repairable, recyclable and energy efficient.**

The textile sector is a **resource-intensive sector** with significant climate and environmental impacts: water withdrawals, use of raw materials, greenhouse gas (GHG) emissions. At the same time, the effects of pressure on resources are felt in other regions of the world, where most of the production takes place. Moreover, it is estimated that **less than 1% of all fabrics worldwide are recycled into new fabrics.**

The characteristics of the materials and substances used hamper recycling, textile waste collection rates and recycling capacities. From a social point of view, the sector's supply chains are long, often globalised and diversified. As a result, the European textile and clothing industry faces unequal conditions due to often lower production costs and the social, but also environmental standards and conditions in force in third countries.

The competitiveness of the textile sector also requires new skills, brought about by the often rapid technological changes taking place, which require the international workforce to continuously readapt.



Fashion & sustainability

- Supply chain and traceability
- Climate change impact and energy
- Energy efficiency. Chemical management and water withdrawals
- Working conditions (whole chain)
- Sustainable fabrics
- Circular fashion
- Innovation and new technologies

Sustainability, in its different components (economic - environmental - social and governance) is therefore a strategic priority for the sector, with impacts on the entire value chain: dissemination in the supply chain of sustainable practices (environmental, social and governance) and its traceability, capacity for innovation, responsible and efficient use of natural resources.

CSP - Commitment to sustainability

GRI 103-2 GRI 103-3

The approach to sustainability has been developed by CSP by integrating it into the working method, through the **selection of raw materials, guaranteeing their traceability process.** These activities have been placed in a broader context, with a strategy based primarily on **ethics and corporate responsibility.**

Scenario and outlook

In a particularly difficult and competitive market environment, CSP continues its efforts to innovate and focus on its core business, while also seeking to optimise its cost structure through constant research into improving efficiency and rationalising processes.

CSP International strategic plan (hereinafter also referred to simply as the "Plan"). envisages, in the absence of restrictions due to the COVID-19 health emergency from 2022 and until the last financial year of the Plan, the gradual recovery of the Group's profitability, based on actions to rationalise costs, make the product offering more efficient and improve profitability linked to the digitalisation of processes. **Resources will concentrate on**

own brands, investments in research and development with a focus on sustainability and rationalisation of collections.

Strategic targets and sustainability

- Rapid completion of the process of **rationalising** structural costs, aimed at a significant reduction in operating costs;
- Acceleration of the **digitalisation** process (so-called "*digital transformation*"), by developing web and social communication channels, which make it possible to maintain direct and continuous contact between consumers and corporate brands to be achieved through investments in the areas of e-commerce, B2B and CRM (*Customer Relationship Management*);
- Concentration on **own brands, investments in research and development** with a focus on **sustainability** and rationalisation of collections with consequent positive effects on working capital dynamics.

Under the Plan, development strategies are supported by a **total investment programme of approximately Euro 7.6 million**, mainly dedicated to the following **projects**: (i) production of energy from renewable sources, (ii) **renewal and/or maintenance of industrial, technological and logistical infrastructure**, (iii) **digital transformation**.

CSP has defined a **strategy to combine industrial and commercial policies with sustainability policies**. This strategy, which integrates sustainability into CSP's business model and production cycle, is based on the following three pillars:

Safeguarding resources

Production processes with reduced environmental impact

Transparency and traceability of the value chain

- 01 **Safeguarding resources** through a focus on raw materials and the use of recycled and recyclable raw materials. Today, most of the pantyhose on the market are made of materials of non-renewable fossil origin: CSP aims to become more independent from non-renewable raw materials, evaluating the use of recycled pre- or post- consumer yarns or bio-based yarns and researching environmentally sustainable materials for the development of long-lasting products in sustainable packaging.;
- 02 **Production processes with a reduced environmental impact**, by replacing textile machinery with high energy-efficient ones, reducing consumption and packaging (plastics first and foremost).
- 03 **Transparency and traceability of the entire value chain** with our "**Made in CSP**" project, a venture with which we intend to disclose where and how the pantyhose and hosiery the Group produces are made preferring where possible Italian and French manufacturing and outsourcing only when absolutely necessary.

The development of the collections will be oriented to satisfy the use functions of the end consumer, with a distribution approach that, thanks to the digital transformation, will be aimed at improving the purchasing experience of the customer, both retailers and end consumers, all supported by marketing communication oriented to the new social channels.

CSP considers it of fundamental importance to maintain an effective **integrated environmental and safety management system**, aimed at ensuring continuous improvement of the processes, of environmental performance and of the management of the occupational health and safety, the prevention of environmental pollution, of accidents and occupational diseases, as well as the meeting of all Stakeholders' expectations.

The Group's short- and medium-term strategic actions are focused on incisive cost rationalisation actions, with a particular attention to the strengthening of digital transformation processes, both with a view to a more effective relationship with customers, and with reference to the efficiency of the corporate organisation and the rationalisation of business lines. CSP has already initiated (since 2020) a digital transformation process

covering all areas of the Group's value chain, with a particular focus on e-commerce areas, CRM (*Customer Relationship Management*) and sales process automation thanks also to the creation of a dedicated B2B (*Business to Business*) platform for the development of direct sales to specialist retailers.

Furthermore, important projects have been implemented and planned for the future for the digitalisation of various corporate processes, aimed at improving efficiency and, more generally, performance, given the absolute importance, for the purposes of implementing the Group's industrial strategies, of completing the process of digitalising activities and, in particular, e-commerce.

Commitment to the SDGs - Sustainable Development Goals








The United Nations 2030 Agenda and the *Sustainable Development Goals (SDGs)*, which are an integral part of it, are recognised as the sustainability *roadmap* for businesses as well, a tool to drive the transformation of global needs into business opportunities, creating *Shared Value* and thus positive impacts not only economic, but also environmental and social.


CSP International is aware of its responsibility and role in achieving the goals set by the United Nations 2030 Agenda and it has initiated in 2021 a process

of integration of the SDGs into its strategy. According to this perspective, a number of SDGs and related targets have been identified that are consistent with CSP's business model and strategy.



SDG Target (abstract)	Sustainability driver CSP	Actions and impact area - Projects
<p>Ensure health and well-being for all and all ages</p> <p>3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil contamination and pollution.</p>	<p>Production processes with reduced environmental impact</p>	<p>Effluent management and waste water treatment of dyeing processes. Treatment of waste water with own purification plant (Ceresara - Italy); decantation and cooling plant (Le Vigan - France).</p> <p>OEKO-TEX / Chemical management parameters (Italy and France): no use of identified substances (chrome-free and metal-free dyes) to bring parameters in line with EU and OEKO-TEX standards.</p> <p>Works and studies on eco-responsible dyeing and products made from natural materials (organic cotton, recycled yarns, spool end/texturizing waste, organic yarn, recyclable packaging)</p>
<p>Ensure the availability and sustainable management of water and sanitation for all people.</p> <p>6.3 Improve water quality by reducing pollution and chemicals release, reducing the amount of untreated waste water by half and substantially increasing safe recycling and reuse at a global level.</p>	<p>Safeguarding resources</p>	<p>Environmental policy of responsible resource consumption. The withdrawal of water sources is planned by CSP according to a logic of reducing impact: use of wells for industrial uses and surface water sources vs. aqueduct.</p> <p>Projects being studied</p> <ul style="list-style-type: none"> Evaluation of the possibility of setting a quality target for COD (quantity of oxygen necessary for the oxidation of all the organic substances present in the water) at the exit of the dyeworks treatment plant, lower than the legal one (Italy) On-going studies to limit water withdrawal (such as removal of a saponification phase during dyeing - France)

SDG Target (abstract)	Sustainability driver CSP	Actions and impact area - Projects
 <p>Ensure access to affordable, reliable, sustainable and modern energy systems for all people.</p> <p>7.2 Increase substantially by 2030 the share of renewables in total energy consumption.</p> <p>7.3 Double the overall rate of energy efficiency improvement by 2030.</p>  <p>Promote action, at all levels, to combat climate change</p> <p>13.2 Integrate climate change measures into national policies, strategies and planning.</p>	<p>Production processes with reduced environmental impact</p>	<p>Electricity from renewable sources</p> <ul style="list-style-type: none"> Supply of electricity produced from renewable sources (implemented from 2020 in Italy - under evaluation for France) Technical-economic feasibility assessment for a photovoltaic plant for the production and consumption of electricity from renewable sources (Italy) Current study for the installation of photovoltaic panels in the car park of the Le Vigan site (France) Installation of 4 electric charging stations on 3 sites. Purchase of 4 hybrid vehicles (France) <p>Energy efficiency</p> <ul style="list-style-type: none"> Initiatives already implemented for energy efficiency projects at the Ceresara - Italy and Le Vigan - France plants, heat recovery systems have been installed, using waste water from the production system (estimated methane consumption savings of 30%). Replacement of neon light fixtures with LEDs, room temperature regulation,) revamping of a steam generator (Italy) Technical and economic evaluation of energy saving and efficiency projects: trigeneration plant; heat recovery project from compressor cooling circuit for room heating (Italy) Lighting study on the Vigan site / installation of LEDs (France) <p>Direct reduction of GHG emissions</p> <ul style="list-style-type: none"> Replacement of refrigeration systems containing R22 to limit emissions (Italy) <p>Research and development of new products and processes also aim to reduce energy consumption and raw materials in general.</p>
 <p>Promote lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p> <p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation.</p>	<p>Transparency and traceability of the entire value chain</p>	<p>The 'Made in CSP' model involves maintaining its production bases at the production facilities in Ceresara - Italy and Le Vigan - France, helping to sustain local economies (in terms of added value and employment).</p>

SDG Target (abstract)	Sustainability driver CSP	Actions and impact area - Projects
<p>8.8 Protect the right to work and promote a healthy and safe working environment for all workers.</p>	<p>Transparency and traceability of the entire value chain</p>	<p>CSP (Italy) has adopted the ISO 45001:2018 health and safety management system since its entry into force, in accordance with a plan to continuously improve the health and safety protection profile of its employees.</p> <p>By adhering to the protocol / <i>PME+ label</i>, CSP Paris is committed to constantly improving working conditions.</p> <p>Specific projects and actions concerning occupational health and safety:</p> <ul style="list-style-type: none"> ▪ Increasing worker awareness and ability to identify hazards - updating specific training (Italy) ▪ Acquisition of software to plan and track training and health surveillance (Italy) ▪ Incentivising the use of prevention packages included in the corporate supplementary health plan (Italy) ▪ Installing a defibrillator that is also accessible to the local community (Italy) ▪ Stress management training (France) ▪ Improvement of working conditions and tasks performed (France) ▪ Launch of an approach <i>to combat TMS</i> / musculoskeletal problems). Methodology and tools to reduce impact (France)
<p>9 IMPRESE, INNOVAZIONE E INFRASTRUTTURE</p>  <p>Building resilient infrastructure and promoting innovation and fair, responsible and sustainable industrialisation</p> <p>9.4 Improving infrastructure and sustainably reconfiguring industries, increasing efficiency in the use of resources and adopting cleaner and more environmentally sound technologies and industrial processes.</p>	<p>Production processes with reduced environmental impact</p>	<p>Digitisation of catalogues, sales presentations, commercial tools, brand action plan (brand book).</p>
<p>10 RIDURRE LE DISUGUAGLIANZE</p>  <p>Reducing inequality within and between nations.</p> <p>10.2 Enhance and promote the social, economic and political inclusion of all, regardless of age, gender, disability, race, ethnicity, origin, religion, economic status or otherwise.</p>	<p>Transparency and traceability of the entire value chain</p>	<p>CSP has adopted a personnel management policy that provides for the protection and promotes the supreme value of the human person, who must not be discriminated against on the basis of age, gender, sexual orientation, race, language, nationality, political and trade union opinions, religious beliefs.</p> <p>Product offers adapted to minorities and non-standard segments (older people, ethnic marketing, morphology)</p>

SDG Target (abstract)	Sustainability driver CSP	Actions and impact area - Projects
 <p>Guarantee sustainable patterns of production and consumption</p> <p>12.2 Achieve sustainable management and efficient use of natural resources.</p>	<p>Safeguarding resources</p> <p>Production processes with reduced environmental impact</p> <p>Transparency and traceability of the entire value chain</p>	<p>The principles of the circular economy are part of the "<i>Made in CSP</i>" strategy and part of the Group's commitment. Collaborations with suppliers are an enabling condition for the realisation of innovative and sustainable projects.</p> <p>Products</p> <ul style="list-style-type: none"> Reasoned and responsible innovation dynamics. Return to more permanent products with real functionalities, prejudices materialised by the consumer. The intention is to produce as close as possible to the place of sale, for better service and to avoid stocks, therefore avoiding waste, obsolete stocks, particularly packaging Life Cycle Analysis: determining the most virtuous processes in product ranges. Verification of the different impacts: ozone layer depletion / resource depletion / climate change / acidification / aquatic eutrophication / photochemical ozone formation on the different product life stages: raw materials / procurement / production / distribution / use / end of life (France) CO2 footprint calculation of some products or product classes (Italy)
<p>12.4 Achieve environmentally sound management of chemicals and all waste throughout their life cycle and significantly reduce their release into the air, water and soil to minimise their negative impact on human health and the environment.</p>	<p>Safeguarding resources</p> <p>Production processes with reduced environmental impact</p>	<p>Chemical management</p> <ul style="list-style-type: none"> Optimisation of dyeing processes and reduction/elimination of substances deemed inconsistent with the CSP approach (see also SDG 3). Expansion of auxiliary dosing in the dyeing department Works and studies on eco-responsible dyeing <p>Asbestos risk / Completion of remediation of industrial site roofs Ceresara (Italy)</p>
<p>12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<p>Safeguarding resources</p> <p>Production processes with reduced environmental impact</p>	<p>Waste, plastics and packaging reduction projects</p> <ul style="list-style-type: none"> Establishment of a database to monitor whether plastic components can be recycled or not (France) Reduction of single-use plastics and cardboard packaging (R&D France Italy). Recycled cardboard without loss of visual impact (France) Packaging reduction: new boxes / formats. Plastic spacers and supports used for spools / plastic grids for holding metal spools (recovery, return and reuse by supplier to avoid waste - France) Research to improve recycling, solutions to limit landfill, evaluation of service providers and reorganisation of the waste collection system. (France) Monitoring consumption trends: clarity and optimisation of supply / improvement of stock quality. Use of permanent containers (30- 40% recycled plastics / recycled and recyclable cardboard refills / removal of transparent front and thermoformed wedges) (France).
<p>12.6 Encourage companies, in particular large multinational companies, to adopt sustainable practices and integrate sustainability information in their annual reports</p>	<p>Transparency and traceability of the entire value chain</p>	<p>Supply chain mapping and monitoring of environmental and social aspects (self-assessment questionnaire and follow-up)</p> <p>Supply chain monitoring - Design and implementation of activities for suppliers with the lowest HSE supervision level (visits to their production sites; communication aimed at raising awareness and directing them towards HSE issues)</p> <p>Maintain and promote employment in France by promoting the Made in France brand. Give priority to local components for applications / within the framework of suppliers, with equal competitiveness.</p> <p>Development of a procurement policy</p>

Commitments linked to the highlighted goals have been redefined as part of the updated CSP Strategic Plan. The two SDGs that relate directly to the key areas of bio-diversity are not directly reported. These goals cut across CSP's sector and role and are directly related to the use of natural resources and materials management (from packaging to paper).

	<p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development.</p>	<p>Target 14.1 Prevent and significantly reduce all forms of marine pollution, especially from land-based activities.</p>
	<p>Protect, restore and promote sustainable use of the earth's ecosystem, sustainably manage forests, combat desertification, halt and reverse land degradation and halt the loss of biological diversity.</p>	<p>Target 15.2 Promote sustainable management of all types of forests, halt deforestation.</p>

Sustainable activities: EU Taxonomy

The EU taxonomy: objectives and EU Regulation 2020/852

The European Union has adopted a common language and definition of what is "sustainable" in order to achieve its climate and energy objectives and direct investments towards sustainable projects and activities. The European Commission has put the **EU Taxonomy**, a harmonised system of classification of economic activities, at the basis of the [action plan for financing sustainable growth](#).

The [Taxonomy EU Regulation 2020/852](#), which came into force on 12 July 2020, sets out the conditions that an economic activity must fulfil to be considered environmentally and socially sustainable, according to an Agenda that should be fully defined by 2022.

Six environmental objectives are currently defined by the Taxonomy:

1. Climate Change Mitigation.
2. Climate Change Adaptation.
3. Sustainable use and protection of water and marine resources.
4. Transition to a circular economy.
5. Pollution prevention and control.
6. Protection and restoration of biodiversity and ecosystems.

The Delegated Regulation (act) of the European Commission of 6 July 2021 supplemented the EU Regulation 2020/852, specifying the content and information that companies must report on eco-sustainable economic activities and specifying the methodology for complying with this reporting requirement.

The Commission's Delegated Regulation EU 2021/2130 of 4 June 2021, supplementing Regulation EU 2020/852, which was approved in December 2021 by the Council of the European Union, established the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

Information Notice (Art. 8 Regulation)

The taxonomy provisions in force at the date of this NFS require reporting the percentage of eligible activities with respect to the first two environmental objectives (**climate change mitigation and adaptation**) for the following indicators: Revenues (Turnover) - Investments (Capex) - Operating costs (Opex).

Eligible activities are those **activities included in the current taxonomy**, irrespective of whether or not these activities meet one or all of the technical screening criteria in the taxonomy, which will then need to be taken into account from reporting in 2022 to provide information on the alignment of activities against the technical criteria.

Accounting standards

For the purposes of reporting under Article 8 of the Taxonomy, revenues (Turnover), investments (Capex) and operating costs (Opex) are defined as follows (refer to the Consolidated Financial Statements for the accounting standards adopted by CSP):

- *Revenues* - Net revenues from the sale of products and services in the Consolidated Income Statement.
- *Capex* - Increments of intangible and tangible assets, including capitalised research and development costs, to the balance sheet items of property, plant and machinery, intangible assets, before fair value adjustments and before depreciation and impairment losses, if any.
- *Opex* -Uncapitalised research and development costs, building renovation costs, short-term rental agreements, maintenance and repair costs and other indirect costs for the routine maintenance of property, plant and equipment.

In order to be considered eligible, an economic activity must meet certain requirements: a) generate or aim to generate revenue to third parties; b) fall within the descriptions/list of activities set out in the Regulation and Delegated Acts; and c) have associated applicable technical screening criteria.

CSP activities and eligible activities

It should be noted that the sector to which CSP belongs (textiles - fashion) is not currently included in the EU taxonomy of sustainable activities. This relates to the current partial definition of the same taxonomy, which is limited to climate objectives. The situation will undoubtedly evolve when the delegated acts concerning the remaining environmental and social policies are defined. At the date of publication of this NFS, the CSP activities are therefore to be defined as ineligible.

Capex / Opex individually eligible

According to the relevant legislation, it is allowed to include as eligible Capex and Opex other expenses related to the procurement of goods and services related to different economic activities eligible for the taxonomy, if these purchases contribute to emission reductions and if the economic activity of the supplier is eligible for the taxonomy.

- Investments (Capex) - no significant investments were made during 2021 that would fall under the above definition.
- Operating costs (Opex) - CSP does not currently have the necessary information to be able to identify any purchases eligible for the taxonomy. Collecting this information requires a prior assessment of suppliers' activities, which could not be carried out for 2021.

CSP impacts – Materiality analysis

GRI 102-40 GRI 102-42 GRI 102-43 GRI 102-44 GRI 102-47 GRI 102-48 GRI 102-49 GRI 103-1

The role of Stakeholders

Stakeholders are individuals or groups who have a vested interest in a company and with whom there is constant discussion. CSP aims to develop and maintain an effective and lasting framework of relationships over time. According to this perspective, involvement and discussion with stakeholders (*stakeholder engagement*) makes it possible not only to understand their needs, expectations and evaluations, but also promotes the conditions for a response that can be translated into business objectives and actions that take into account the changes taking place, the risks and the opportunities. CSP's system of relations with its stakeholders is based on differentiated tools for the different categories of stakeholders, which take into account the different nature of the relations and interconnections.

CSP Stakeholder	Engagement activities Projects - Initiatives – Relationships
Shareholders	Members' Meeting - Board of Directors
Banks, Lenders and Investors	Shareholders' Meeting - Investor relations activities – Website / dedicated section - Periodical meetings

Employees	Dialogue with the Human Resources Management - Informal meetings and institutional events - Company intranet - Periodic survey on analysis of material issues - Training plans and events - Corporate welfare tools and initiatives - Internal newsletter - Communication plan
Trade Unions - Workers Representatives	Periodical meetings for an exchange of views with trade union representatives - Consultation meetings with the Workers Safety Representatives
Suppliers (Suppliers of products and services - subcontractors, partners and commercial agents)	Meetings to define and share standards - Commercial meetings and visits to the company (including retailers and sales network staff) - Partnership on projects (products and innovation) - Sending for sharing and signing the Code of Ethics Questionnaire for self-assessment of suppliers of goods and services (suppliers' social/environmental policies)
Customers (Direct Customers and End Customers)	Commercial meetings and visits at the company Interaction with sales personnel at regular shops and digital stores - Customer service office - Corporate website, social media, e-mails, regular post and dedicated toll-free number - information Newsletters
Public Administration (National and local public bodies - Institutions - Control bodies)	Meetings / sending and exchange of communications for fulfilment or specific requests meetings with representatives of local institutions. National and local public authorities / National authorities / local authorities - Control bodies and regulators
Community and territory	Meetings with local community representatives - Visits at the company
Media	Interviews - Press conferences - Events - Corporate website - Social media - Publications

Material topics

The relevant topics, to be reported in the NFS, in accordance with the GRI Standards, are those that reflect the significant (positive and negative) impacts of a company on the economy and environment, taking into account the expectations, interests and assessments of its stakeholders.

According to the European Union's approach, recently defined in the Guidelines published in June 2019 on climate change reporting (NFRD / Non-Financial Reporting Directive 95/2014), material topics are those topics that can have a significant impact on the development, performance and financial value of a company. At the same time, a material topic is defined as such in relation to the social and environmental fields and topics on which the company, through its activity, has a significant impact. This approach is also referred to as "double materiality". The process of materiality analysis is by its nature dynamic and based on the context of reference. The two "directions" of materiality present constant and widespread interconnections. Not all material topics are of equal importance, and the emphasis within a report reflects their relative priority.

Materiality analysis – The CSP process

The due diligence activities were focused on the economic - environmental and social impacts of CSP International, taking into account the assessments and expectations of stakeholders and those topics with significant effects on the value of the company.

1	Stakeholder mapping – Updating.
2	Analysis and evaluation of the industrial plan drivers and their objectives.
3	Reference scenario document analysis / sector (studies – researches).
4	Analysis of national and international comparable benchmarking.

5	Stakeholder:
	<ul style="list-style-type: none"> Analysis of the expectations resulting from the documentation of the integrated management System;
	<ul style="list-style-type: none"> Feedback from recurring engagement activities; Assessment and review of specific activities carried out for the DNF of previous years (employee survey and supplier self-assessment questionnaire).
6	Assessment and validation by the management

No material topics were identified that were not highlighted in the NFS of the previous period, but some relative priorities of individual topics were redefined, consistent with the evolution of the CSP strategy:

- innovation topic was considered jointly with the development of products that follow the criteria of the circular economy and reduce environmental impact (eco-sustainable collections).
- human resources competencies were considered as part of the employment protection topic.

The material topics identified have a different impact perimeter, which is highlighted in the areas into which the topics have been distinguished and in the comments to the topics. These aspects often have a different impact cross-cutting to the plurality of stakeholders. The impacts of the topics are generated by CSP, through its relations with the different stakeholders (internal and external).

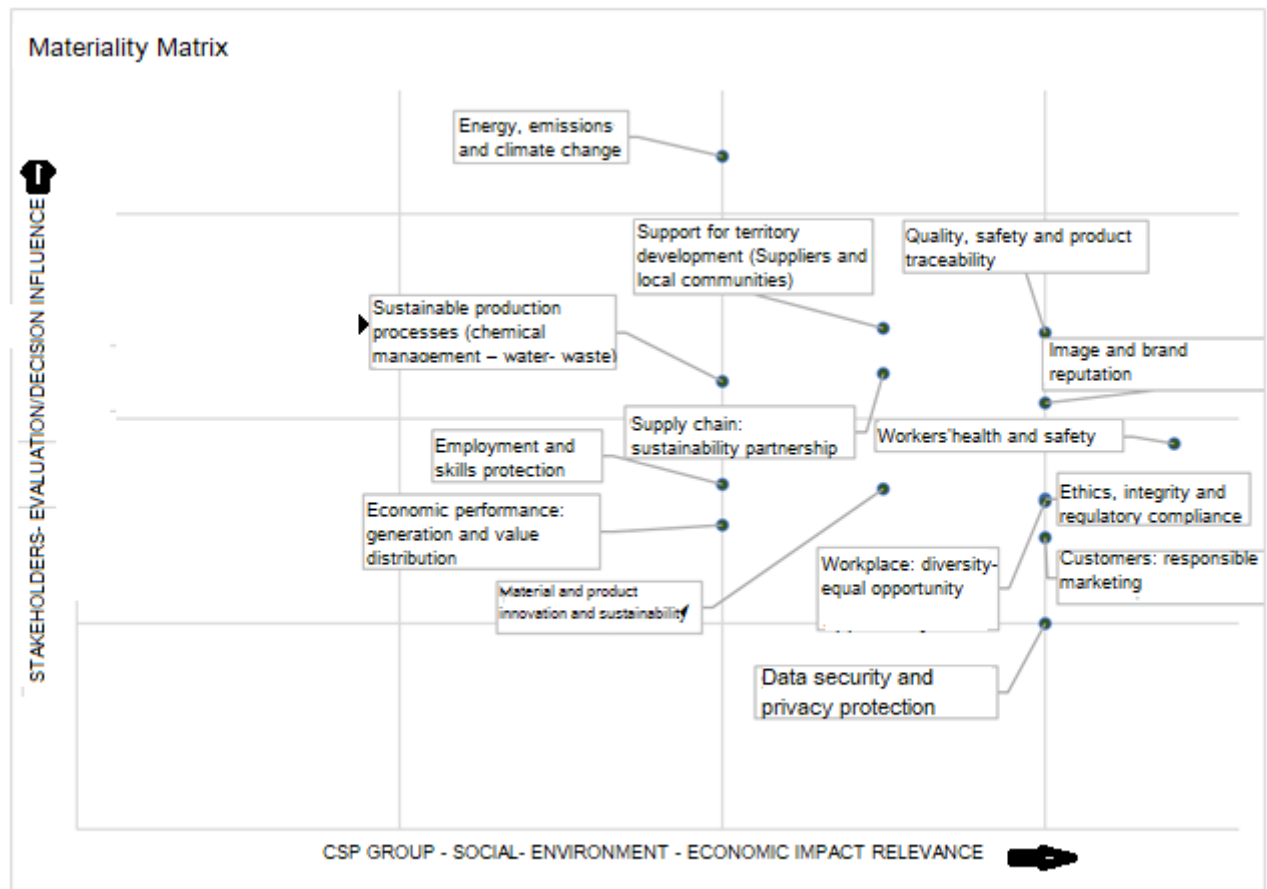
	Material topic	Reference areas Italian Leg. Decree No. 254/2016	Impacts (Material topic reasons)	GRI Standards (Specific Topics)
Governance - Business				
1	Ethics, integrity and regulatory compliance	Respect for human rights Fight against active and passive corruption	Business ethics & integrity /The responsible governance of an enterprise requires respect for principles and the application of a Code of Ethics. Regulatory compliance, tax transparency, and integrity are pre-conditions for reliable business management.	GRI 205 Anti-corruption GRI 206 Anti-competitive behaviour GRI 207 Tax GRI 307 Environmental compliance GRI 419 Socioeconomic compliance
2	Data security and privacy protection	Social Respect for human rights	The protection of information is a relevant topic due to its potential compliance and business impacts, which relate in particular to the protection of privacy and the security of information systems and their sensitive information content.	GRI 418 Customer privacy
3	Brand image and reputation	Social	The reputation of the brand is a strategic element in terms of potential associated impacts and consequent economic-financial performance and competitive positioning in the reference market.	Topic covered by GRI General Information Notice (102)
4	Economic performance: value creation and distribution	Social	Economic sustainability and financial balance are essential conditions for the duration and development of enterprises and for ensuring an adequate distribution of the economic value generated for stakeholders (employees and suppliers in the first place). The creation of value for the enterprise is therefore to be understood as the ability to respect in time the economic balances that characterize the corporate management.	GRI 201 Value creation and distribution
Business Model (Products/ Services)				
5	Material and product innovation and sustainability	Environment Social	<p>Research and development, product innovation and production technology, the materials used can not only improve competitive position and economic and financial performance, but can generate positive environmental and social impacts (consumption of natural resources / quality of life and welfare of the community).</p> <p>Reduction of environmental impacts, circular economy models, characteristics of raw materials and materials used (fabrics - yarns developed according to upcycle or recycling logics); packaging with reduced use of plastics and paper.</p>	GRI 301 Materials

	Material topic	Reference areas Italian Leg. Decree No. 254/2016	Impacts (material topic reasons)	GRI Standards (Specific Topics)
6	Product quality, safety and traceability	Social	Characteristics and traceability of materials and products purchased and distributed. The marketing of products of high quality, reliability and that do not have negative consequences on the health of customers has a significant impact on customer relationships and on the degree of customer satisfaction.	GRI 416 Customer health and safety
7	Customer: responsible marketing	Social	Customer relations (direct and final) require tools that can identify customer expectations and needs and communication processes on different channels. An important aspect is responsible marketing policies that communicate transparent content about product characteristics (especially for innovative and sustainable product lines).	GRI 417 Product and service marketing and labeling
8	Supply chain: partnership for sustainability	Environment Social Fight against active and passive corruption Respect for human rights	The supply chain is a very important aspect that can significantly influence economic performance. The performance of a company is significantly linked to the management of the supply chain according to principles consistent with its business model and to the presence of mechanisms and tools that can ensure, over time, not only the control of the supply chain, but also a partnership for sustainability.	GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment
9	Support for territory development (Local suppliers and communities)	Social	CSP's operating model is characterised by a strong link with the territory of origin, also in terms of impact on the local economy.	GRI 203 Indirect economic impacts GRI 204 Procurement Practices
Human resources				
10	Employment and skills protection	Employees Human rights Social	The maintenance of employment levels, tied to the territory, goes hand in hand with the need for CSP staff to acquire and develop skills.	GRI 401 Employment GRI 404 Training and education
11	Working environment - diversity - equal opportunity	Employees Human rights	The working environment is an enabling element, with economic, environmental and social impacts. Areas covered include organisational aspects of work, welfare and work-life balance tools, equal opportunity and ways of using social safety nets.	GRI 401 Employment GRI 405 Diversity and Equal opportunity
12	Workers' health and safety	Employees Human rights	The management of production sites makes it necessary to constantly monitor sensitive processes, with particular regard to accident prevention and health protection for all employees and others involved, including suppliers working in areas under the control of the Company.	GRI 403 Occupational health and safety
Environment				
13	Sustainable production processes (chemical management - water - waste)	Environment	Impacts linked to the characteristics of the CSP production cycle processes, significant water withdrawals, use of chemical components for the dyeing phase of the garments and generation of waste, including industrial waste water and sludge from the internal water purification process of the dyeing department.	GRI 303 Water and effluents GRI 306 Waste
14	Energy, emissions and climate change	Environment	Energy profile of operations and policies: reduction of energy consumption / energy efficiency, reduction of CO2 emissions and contribution to mitigating the effects of climate change.	GRI 302 Energy GRI 305 Emissions

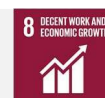
The materiality matrix

The materiality matrix, updated with respect to the previous period as a result of the periodical analysis process, provides a graphic summary representation and an overall view of the most important topics. The relative importance of the material topics at the conclusion of the analysis process described above, has been validated by the CEOs of CSP International.

Compared to the matrix published in the previous NFS, the analysis carried out for the 2020 NFS assigned further relevance to topics such as product quality and safety and, in line with the CSP strategy, to the aspect related to support for the territory (local suppliers and traceability).



02 MADE IN CSP



02 MADE IN CSP

CSP - Sustainable Business Company




GRI 102-2 GRI 103-2 GRI 103-3

CSP has defined its journey by investing in research, projects that have enabled the creation of products and collections designed according to a sustainable business model that is traceable in its various phases: innovation, certified, regenerated or recycled yarns and fabrics. The choice is to continue creating long-lasting products that maintain their characteristics, according to a marketing approach that is not *fast-buy* but based on an ongoing relationship with the end customer. The principles of CSP's approach are represented by a few key words that guide the business model.

Transparency	Traceability	Circular economy	Sustainable commitment
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The brands

CSP's business model is differentiated for the various distribution channels and offer segmentation. The permanent and fashion collections are proposed in a manner consistent with the value and identity of the different brands and corporate strategies. CSP Group brands address different market targets. The quality of the fabrics and the care for details distinguish all collections, with the aim of guaranteeing the consumers products featuring an adequate quality/price ratio and an unmistakeably Italian and French style.

CSP International Fashion Group SpA - Italy - High-End Brand	
	<p>Oroblu: international Italian brand on the high-end market</p> <p>International Italian brand of reference in the scenario of hosiery and women's lingerie and beachwear, collections synonymous with modern elegance, innovation and quality, designed to dress femininity and spread the Italian style throughout the world. The Oroblu brand can be found in the best boutiques and luxury department stores.</p>
	<p>Luna di Seta: high-end brand of pure silk lingerie.</p> <p>High-end brand of pure silk lingerie whose collections are conceived under the banner of sober and refined sensuality and Italian elegance.</p>
	<p>Perofil: since 1910 the men's underwear brand that distinguishes itself for elegance and quality, expanding with modern ideas its range of socks and loungewear.</p> <p>Over 110 years reference for men's underwear, PEROFIL transfers its concept of uniqueness, craftsmanship and elegance to all garments designed for men's well-being. From underwear to the iconic handkerchiefs, from pyjamas to loungewear and socks, each collection is marked by constant innovation: high quality yarns and fabrics are used for models that meet the needs of consumers with a dynamic and modern fit.</p>

The main brands dedicated to CSP *mass market* channels are: **Lepel** specialized in corsetry, **Sanpellegrino** specialized in women's hosiery and **Cagi**, offering quality men's underwear and nightwear. The three brands pass through the wholesale channels, GdDo, retail and large textile stores, with dedicated sales organizations and mainly continuous collections.

CSP International Fashion Group SpA - Mass Market	
	Sanpellegrino: historical Italian brand, known for its quality, always next to women.
	Lepel: historical Italian brand of underwear and mostly corsetry, featuring quality and comfort.
	Cagi: since 1925, the traditional brand of underwear for men of all ages.

CSP Paris	
	<p>Le Bourget: Innovation, creativity and quality are its reference values.</p> <p>Le Bourget brand develops its French identity, both feminine and fashionable, by relying on perfect quality, using the most advanced production technologies. Le Bourget works on the image through communication campaigns that highlight the brand's fashion spirit. At the centre of the process, there is a balance between fashion, femininity and quality. Le Bourget: the most prestigious brand of French hosiery, inspired by Parisian chic and fashion trends.</p>
	<p>Well: the most innovative and high-performance hosiery and lingerie brand on the French modern channel.</p> <p>Well is the second brand in the French pantyhose market. Founded 50 years ago in the heart of the Cevenne region in the south of France, it is based on traditional know-how whose origins date back to the 18th century. The Well brand continues this tradition and modernises it with a strategy of developing new innovative products.</p>

The production chain

GRI 102-4 GRI 102-9 GRI 102-10 GRI 103-2 GRI 103-3 GRI 308-2 GRI 414-2

CSP believes that showing the extreme attention and care taken in designing and manufacturing products is of vital importance. Over the years, it has built an important treasure of experience, which it preserves at its own production facilities and in the care of its relationships with its subcontractors. CSP has worked hard to keep production in Italy and to limit the outsourcing processes that have characterised the reference market. In this context, **the *Made in CSP* project represents the commitment to customers:** to make the value chain transparent and traceable, a path by which it intends to tell where and how the products of the collections are made.

CSP's production units

As at 31 December 2021, the CSP Group owned 5 production and/or logistics facilities located in Europe (Italy and France).

Italy	France
CSP International Fashion Group SpA	CSP Paris Fashion Group
Ceresara (MN)	Fresnoy Le-Grand (Aisne)
Carpi (MO)	Le Vigan (Gard)
Bergamo	

Direct commitment in manufacturing is a historic commitment for CSP and responds to the Made in CSP model.

MADE in CSP

Limit transport, maximize product availability and **protect jobs**.

Maintain the **know-how** and control of the development and production process.

Carrying out controls and tests, entrusted to internal and external laboratories, allows to guarantee **a high and constant quality of the products and to protect the health and safety** of the customers.

Claim belonging to a profession, to a land of unique know-how, competence and production. **Support a high-tech and innovative industry**.

The production cycles

Hosiery

Italy	<p>The production of hosiery relies on the value of the <i>Made in CSP</i> and it is mainly carried out at the Parent Company's plant in Ceresara (Mantua) and on the collaboration of suppliers in the district.</p> <p>The pantyhose production cycle is highly automated and is certified ISO 14001:2015 for environmental and ISO 45001:2018 for safety. Moreover, in 2021 CSP obtained, for the hosiery Italian and French division products, the annual renewal of the certification Oeko-Tex® Confidence in Textiles - Standard 100.</p>
France	<p>CSP Paris (production site in Le Vigan - Gard region - France) offers, within its range, products that have obtained the recognition of the brand Origine France Garantie® created by the independent association 'Pro France', which guarantees French design and production through very thorough procedures and checks. More than 30 quality controls are carried out at the various stages of design and production. All products in the "socks" segment benefit from the Oeko-tex® Confidence in Textiles certification.</p>

Phases		Elements and Characteristics
1	Raw materials	Origin of the raw material
2	Weaving	CSP International / CSP Paris
3	Sewing	Automatic sewing - CSP International / CSP Paris Manual sewing - Workshops Italy / Albania / Poland and Tunisia
4	Dyeing	Use of certified dyes allows Oeko-Tex certification Metal free dyes Water recovery Heat recovery to heat the water entering the process
5	Ironing-Fixing	Workshops Italy / Albania / Poland /Tunisia Tubular ironing - Foot shape finishing
6	Packaging	Automatic Packaging - CSP International / CSP Paris Manual Packaging - Workshops Italy / Poland / Tunisia Use FSC and recycled paper - Recyclable/recycled plastic - Hooks made of recyclable plastic
7	Storage and shipping	CSP International / CSP Paris
8	Quality control	CSP International / CSP Paris Each product undergoes at least one quality control along the manufacturing process

The phases of the hosiery production process are mainly carried out at CSP's production units. For some product lines (high-end, such as Oroblù and Le Bourget) requiring manual sewing, steam fixing and manual packaging, subcontractors located nearby the Ceresara facilities (known as hosiery) are used for the most part; in some cases, subcontractors located in Albania are hired for Le Bourget brand products.

Underwear and other productions

The corsetry, lingerie, bodywear and swimwear are designed in an exclusive way from cutting to modelling and sampling.

Phases		Elements and Characteristics
1	Atelier	The research and development of the product (Atelier), the control of the fabrics, the cutting and the quality control of the product are mainly managed directly within the production facilities of the CSP Group
2	Fabric and product quality control	
3	Cutting	
4	Sewing	Depending on the characteristics of the product and the market, the sewing and packaging phases are to a large extent entrusted to selected and specialised suppliers. Pantyhose packaging at CSP International/ Italian workshops or for France CSP Paris/Polish or Tunisian laboratories
5	Packaging	

The selection and management of suppliers

The selection of suppliers and the determination of the conditions of purchase of goods and services are based on assessments based on quality, price and guarantees provided. CSP, in its relationships with its suppliers, observes the principles of its Code of Ethics:

- CSP does not practice or approve any form of reciprocity with suppliers: goods/services are selected and purchased exclusively on the basis of their value in terms of price and quality;
- any negotiation with a supplier, current or potential, must relate exclusively to the goods and services being negotiated with the supplier;
- the staff responsible for purchasing goods and services shall not be subject to any form of pressure from suppliers to donate materials, products and/or sums of money to charity/solidarity associations or similar.
- the undertaking of commitments and the management of relations with suppliers, current and potential, must be carried out in compliance with the Company's directives regarding conflict of interest and business management.

Suppliers and partner companies are required to accept the Code of Ethics, which sets out the basic principles to which the CSP Group refers when selecting a supplier. The Group believes that people in the *CSP world* should live in a positive and satisfactory working condition, including in terms of well-being, without discrimination and in full respect of their rights. This policy is particularly important for a sector where there is significant exposure to risk factors, especially of a social nature, linked to the geographical location of many production districts in the supply chain.

The main CSP guidelines for the planning and purchasing of raw material and/or the entrusting of processing to third parties (subcontractors) are as follows:

- **Quality** - Ability to make products that meet CSP's expectations, thus already present in the supplier's production range.
- **Flexibility** – Ability to product significant quantities and, at the same time, should the need arise, small lots even if below the requested standard minimum quantities.
- **Price** - In line with the cost of labour of the Country in which the production is carried out, hence on target with CSP's request.
- **Organization** - Ability to manage and use the technology needed to transfer information which is useful for production.

The supplier selection procedures of the subsidiary CSP Paris provide for the acceptance, by the main non-European suppliers, of a possible audit or certification of compliance with working conditions ("social compliance").

The supplier monitoring - Italian sites

With the aim of strengthening the control of risks related to the supply chain, CSP designed and used a monitoring and control system that required the completion of a self-assessment questionnaire by

the most representative suppliers for the process and significant for the business of the Italian sites. The results of the questionnaire allowed:

- Classification of identified suppliers by activity, business volume (quantity/value), location of production units;
- Sharing Environment and Safety Policy;
- Classification of suppliers which has provided evidence of strategies, policies and levels of control in relation to ethical, social, health and safety, environment and, more generally, sustainability.

The next step, for which the timing of implementation has not yet been defined, involves: a) inspections at their production sites and b) targeted communication to promote and raise awareness of sustainability issues and policies. The investigation revealed the following main characteristics of the suppliers under investigation:

- Margins of improvement in the adoption of certified management systems;
- Organizational structure with a medium-high ability to keep ethical, social, HSE (Health and safety/ Environment) and sustainability issues under control.
- High attention to issues more closely related to occupational health and safety.

The social and environmental aspects

As at the date of this document, there were no cases of suppliers in CSP's supply chain with significant problems concerning freedom of trade union association, child labour, forced labour conditions and respect for human rights. In the reporting period (2021), as well as in previous periods, no negative environmental impacts originating from CSP's supply chain were found.

No operations and/or suppliers were found to be subject to specific analysis or impact assessment activities with regard to potential and significant human rights issues. Similarly, no situations were found for which it was necessary to take specific action against suppliers in relation to social aspects.

The information gathered from the investigation carried out, as well as the suppliers' acceptance of the CSP Code of Ethics, contribute to the supplier's assessment, even if a procurement system has not been adopted which explicitly provides for environmental and social criteria to be structurally and systematically included within the supplier assessment process.

CSP supply chain

There were no significant changes in the structure of CSP's supply chain during the reporting period. For the hosiery category, CSP favours the local production facilities of the Parent company and of its French subsidiary. In particular, for Italy, the sewing process, which is crucial in order to be able to make the 'made in Italy' claim, is carried out at internal departments or at workshops located in the hosiery district of Castel Goffredo. The most characteristic processes, weaving and dyeing, are almost entirely carried out in the internal departments.

The purchases of hosiery semi-finished products are not particularly significant, as they are limited to products that can only be made with special machinery (not present at the CSP plants) or with *exclusivity for intellectual property rights*. These hosiery semi-finished products mainly come from Italy (about 95%), of which 80% directly from companies located in the district.

The French subsidiary mainly avails itself of European suppliers for the finished products of the hosiery divisions, whilst the purchases of finished products of the underwear division involve subcontractors located in countries of the Far East, Turkey or Morocco. For the finishing of some of the products woven and dyed at Le Vigan, CSP Paris also uses 2 subcontractors located in Poland and Tunisia.

The origin of raw materials is not relevant for attribution of the "*made in*" claim. Nonetheless, for its own hosiery division, CSP favours, where possible, materials of Italian or European origin.

CSP International - Italy / Sourcing areas for hosiery raw materials	
Type	Suppliers – Country
Yarns	Italy and EU (mainly) Other Countries: Serbia, Israel, Japan, North Africa and Asia (China)
Fabrics, flounces	Italy (mainly)
Packing, packaging materials	Italy and France (mainly)
Dyes and Auxiliary agents:	Direct suppliers mainly Italy, but purchased products of different origin

Innovation and sustainability

GRI 102-2 GRI 103-2 GRI 103-3 GRI 301-1 GRI 417-1

Natural resources	Responsible use of natural resources - development of products consistent with circular economy principles - Processes with reduced environmental impact.
Product certifications	Chemical management - Guarantee and safety for the customer's health / Oeko-Tex®
Innovation, research and partnership	Design research and product innovation driven by sustainability, in cooperation with suppliers
Sustainable products	CSP's collections reflecting the principles of a sustainable product offering

Responsible use of resources

CSP's strategy for the responsible use of natural resources is based on research for the development of products, processes and logic that reduce environmental impact.

Materials used

Purchases were affected by the trend in the sector.

Materials	Units of measure	Quantities purchased		
		2019	2020	2021
Raw materials - Packaging				
Yarns	kg	749,228	629,290	717,405
Fabrics	m	442,839	231,818	300,411
Flounces	m	434,904	374,956	346,346
Packaging - paper / cardboard	kg	1,129,209	989,421	831,084
Packaging - Plastics	kg	103,473	67,586	71,219
Powder dyes	kg	24,496	20,871	18,659
Auxiliary agents / Liquid dyes	kg	118,391	102,565	86,704
Auxiliary agents / Liquid dyes	litres	43,215	38,458	43,475
Subcontractors				
Ready-to-wear products / Finished products	pcs	6,176,085	4,078,437	3,940,635

Reduction of environmental impact: materials and control of production processes

Most of the pantyhose currently on the market are made of fossil-based, non-renewable material, virgin polyamide. CSP's medium-term target is to change this *norm* and become more independent of non-renewable raw materials. According to this approach, CSP therefore places great emphasis on the circular economy and

on innovation in the raw materials used for production processes.

The application of circular economy principles in the textile sector is based on reuse, recycling of textile waste and sustainable packaging. The target is to increase the use of recycled raw materials while safeguarding product performance and quality.

CSP is committed to collecting, reusing and recycling its textile waste. For this reason, it is developing research projects with national and international partners, with the aim of minimizing impact, reusing materials as much as possible in subsequent production processes and minimizing waste.

All products are checked at least once along the different stages of the production process. Each production department implements a quality control system complying with standards that **keep processes under control, reduce the number of defects and waste and limit the consumption of resources**. "Safeguarding resources" also means paying attention to the use of raw materials.

Environmentally-friendly processing

CSP's products are mainly manufactured in the Mantua factories, using processes with reduced environmental impact and with the support of workshops in the Mantua Hosiery District. Over time, CSP has introduced a partial dyeing water recovery stage into its processes, which reduces water and electricity consumption. Moreover, it has chosen to use only electrical energy from renewable sources for processing in its Italian production facilities.

CSP Paris' production is mainly carried out in the Vigan factory, with short chains and optimised processes. An energy audit carried out every four years identifies ways to improve energy consumption and, for example, a water heat recovery process has been implemented at the end of the dyeing process which reduces gas consumption to heat the incoming water by 30%. Moreover, the gradual replacement of workshop lamps with LED-type lighting has significantly reduced electricity consumption.

Chemical management – Customer health and safety

Oeko-Tex® Certification

CSP has been certified according to STANDARD 100 by OEKO-TEX® since 2011, an independent control and certification system standardised at the international level for raw materials, semi-finished and finished products of the textile sector at all stages of the production, as well as of the ancillary materials used. STANDARD 100 by OEKO-TEX® contributes to high and effective product safety from the consumer's point of view.

The certification includes a list of requirements for individual substances:

- Statutory regulations, such as azo dyes, formaldehyde, pentachlorophenol, cadmium nickel, and others.
- Many chemicals that are hazardous to health, although not yet regulated by law.
- Requirements of the European Chemicals Regulation REACH and ECHA list of candidate SVHC substances (where relevant for textiles and clothing). The requirements of STANDARD 100 by OEKO-TEX® are updated regularly.
- Requirements of the US Consumer Product Safety Improvement Act (CPSIA) for lead.
- Numerous classes of substances that are also relevant to the environment

In 2021, CSP also obtained Oeko-Tex certification specifically for hosiery articles made from 'organic' cotton (no detectable GMOs), certificate 20CX00102.

The certification of "organic" cotton products requires special requirements and rules with additional laboratory tests to prove that the cotton has not been genetically modified and "organic" cotton cannot be combined with conventional cotton.

The process of obtaining specific Oeko-Tex certification is currently underway also for 'recycled' hosiery products woven with yarns derived from post- and pre-consumer waste materials. To be certified as 'recycled', products must have a minimum content of 20% recycled material.

Dyes

The R&D divisions of CSP conducted studies on natural dyes and on other types of innovative dyes, which have led to the use of the latest generation of *metal-free* dyes, free of heavy metals and skin friendly, while maintaining the high dyeing quality and silkiness of the pantyhose.

Regarding CSP Paris, thanks to research carried out on the dyeing process, 100% of the products dyed at the Vigan plant have been treated with "free metal" dyes, as early as the second half of 2019. This applies to most Well products, as well as to the Modacolor Green and Voilance ranges of the Le Bourget brand.

Innovation: product and processes

Research and development for CSP

The stylistic research and innovation of CSP products are driven by the necessary attention to sustainability. The R&D team collaborates with other internal teams and with its suppliers, proposing new challenges and objectives: more ecological processes, state-of-the-art machinery and equipment, and a push for alternative packaging are just some of the areas in which CSP is moving. Product innovation is primarily material-oriented, but the focus is also on the digitisation of processes along the value chain.

During 2021, CSP carried out research and development activities focused on technological innovation, for a total commitment (costs incurred) of Euro 1.7 million (Euro 1.9 million in 2020 and Euro 2.3 million in 2019). The activity involved projects considered particularly innovative, carried out in the various plants, both in Italy and France. Investments in innovation are believed to generate positive returns in terms of value creation and distribution, i.e. favourable effects on the company's economy and on the reference territory.

CSP implements innovative solutions for different types of raw materials and packaging (regenerated yarns, castor oil seeds, as well as switching to FSC - Forest Stewardship Council - certified paper for catalogues and product packaging). The partners are **GSR (Global Recycle Standard)** certified entities, thus guaranteeing the origin of the raw materials of their fabrics from a complete production cycle, which applies the principles of circular economy, respecting environmental and social criteria.

Organic Cotton: Organic cotton is cotton grown using methods and products with a low environmental impact. Organic cotton production is more ecosystem friendly and does not involve the use of toxic pesticides and fertilisers, which persist in cotton itself and in the environment.

Regenerated Fibres: *Q-NOVA®* is an eco-sustainable Nylon 6.6 fibre made exclusively with regenerated raw materials that meets specific traceability needs and principles of circular economy. The fibre, obtained from a mechanical regeneration system that does not involve the use of chemical materials, was developed by Fulgar S.p.A. It is a product, which aims to reduce CO₂ emissions, water consumption and to use energy from renewable sources. Q-NOVA® consists mostly of waste, which could not be reused in any other way and should be disposed of externally as waste.

Repetable - Yarn from recycled PET bottles: The polyester yarn was produced by RadiciGroup, an Italian company leader in the production of polyamides, synthetic fibres and technopolymers for applications in various fields, including the textile/fashion sector. The yarn has been obtained through a post-consumer recycling process of plastic bottles, which allows to cut CO₂ emissions and reduce water and energy consumption. Repetable was chosen by Orobù for its unique characteristics and high technical performance, which fully meet the requirements of the *Save the Oceans* project. Repetable, in addition to not consuming any new virgin raw material, is also dyed in the mass, a further saving of water and electricity used in processing.

CSP Paris - Knitting our future

The French subsidiary CSP Paris has developed a sustainability project called “Knitting our future” (*CSP Paris is knitting its future*). CSP Paris intends to make its own contribution to a responsible fashion, based on innovation, sustainability and respect for the environment. The research & development and marketing teams are committed to developing collections that meet the expectations of Stakeholders focused on sustainable development, with the objective of integrating this approach throughout all phases of the process, from production to delivery to the point of sale.

Sustainable product collections

Oroblù - ecO Environment Care Oroblù

Oroblù - ecO Brand: collection of pantyhose, socks in eco-sustainable Nylon 6.6 fibre, obtained with raw materials regenerated to zero kilometre, dyed with metal free dyes. A yarn that reduces CO₂ emissions by up to 80% while saving 90% of water resources. The yarn comes entirely from regenerated and selected materials, by means of a certified system.

Oroblù - The first EcO Cotton sock

CSP has launched EcO Cotton, the first sock made of recycled cotton. The product was conceived and developed thanks to the know-how of a Group that has been producing high-tech socks for almost half a century for innovative and sustainable legwear.

Oroblù - All Pure Colors collection

In the same innovative direction is also the *All Pure Colors* collection, proposed with vibrant colors, which uses *metal free* dyes, i.e. without heavy metals and skin friendly.

Oroblù - “Oroblù Save the Oceans”

Black, 50-denier pantyhose made of **Repetable**, the new polyester yarn produced by RadiciGroup, obtained through a post-consumer recycling process of PET plastic bottles, which cuts CO₂ emissions and reduces water and energy consumption.

Perofil - REVIVE

The latest Perofil collection (Jersey, la Microfibra, la Felpa) uses technological fibres: 60% regenerated cotton, Ecolife yarn in cotton mixed with recycled polyester, Q-Nova nylon or recycled polyamide from industrial processing.

Sanpellegrino – Ethica & Nature Lovers

Hosiery products of the collection (pantyhose and socks) of the Ethica project. The yarn is 100% BIO-BASED, made from castor oil seeds, ultra-light, super stretch. The dyes used are metal free. The paper used for the packaging is special paper made with algae present in excess on the bottom of the Venice lagoon and FSC cellulose. The bag is made of compostable plastics. Happy Planet 20 and 50 denier pantyhose are eco-sustainable because they are made from certified raw materials obtained from pre-consumer regenerated yarn. Dyeing is done with dyes without heavy metals, to respect the skin and the environment.

Le Bourget - MODACOLORS Pantyhose

Organic cotton products, designed using Q-Nova recycled yarns produced in France: 6.6 nylon fibre produced from regenerated raw materials and recycled polyester from plastic bottles. This production does not require chemical substances and CO₂ emissions below 80% and water consumption is 90% less compared to traditional production. Recycled paper packaging.

#We are Colors Addict (CSP Paris)

The dying process developed is “*metal free*”. These are hosiery products dyed with dyes with toxicological characteristics that are definitely better than those of “traditional” dyes. An eco-responsible dying process, which respects health and the environment, without metallic additives and which also allows the reduction of water consumption. The main characteristic of these latest-generation dyes is the absence of metal in the chromophore molecule (part of the chemical molecule that provides the colour), compared to a pre-metallised dye, the chromium concentration of which, for example, can be included between 1% and 5%, in other words between 10,000 and 50,000 mg/kg.

Mes Gambettes Aiment La Planète (CSP Paris)

Eco-friendly pantyhose line of the Well brand "Mes Gambettes Aiment The Planète": an eco-designed range based on recycled and regenerated material. Product made from 97% recycled material. "My pantyhose love the planet" means 3-4 times less energy consumed, simply by removing the product industrial ironing phase.

The digitalisation

CSP International adopts the digitisation model working on a "digital transformation". The communication channels (from web to social), which connect the company's brands with consumers, aim to create engagement and accompany a digital redefinition of the business model, which develops around the concept of "smart Factory" (smart production, smart service and smart energy).

CSP adopts a **PLM (Product Lifecycle Management)** platform that provides solutions necessary for the management of the entire life cycle of a product, from its conception to its withdrawal from the market and that provides for the sharing of data between the different business functions and the *extended company*.

CSP works on the **business** segment according to a User Experience oriented approach. A totally digital approach, which allows to increase the efficiency of sales and restocking processes, collecting and controlling information through a single platform, tracking performance.

Distribution and relationship with the customer: responsible marketing

GRI 103-2 GRI 103-3 GRI 417-1

CSP is *Consumer Oriented*. For CSP, Customer satisfaction is at the centre of the corporate philosophy, for all the Group's brands. In fact, "thinking retail" means starting from the buyers in order to arrive at the production of a product and service that satisfies the customer.

The industrial plan has foreseen a remodulation of advertising promo investments reflecting consumer trends, such as online sales and sales motivated by social network impacts. More specifically, the activity refers to the extension of the *omnichannel* investments (interaction of the brands with customers), partly maintaining the traditional media commitments, but also increasing the attention paid to scale-up points of contact with people, by means of a digital communication and an active presence on the main social networks. The objective is to engage in an integrated and synergy-based communication that interfaces by means of the digital network and the traditional press channels, with a strategy that scales up brand awareness and the reputation of the CSP brands.

Customer Care - The aim of Customer Service is to make the customer feel at the centre of the company's attention, offering the sales network and customers attention, assistance and solutions to any problems before, during and after sales. In order to guarantee and increasingly improve relations with the customer and/or consumer, the company makes use of a toll-free telephone line service, a dedicated e-mail box that is always available (info@cspinternational.it), a chat-line on the e-commerce site, as well as social networks; suitable measures to assess consumer sentiment as well.

The marketing campaigns concentrate on the packaging of each product and all relevant communication materials are made available to the partners in the reserved digital area. Campaigns are also carried out in the form of Influencers marketing with the aim of raising awareness of products, but also to support sales of products with a strong *reason why*.

The *feedaty - opinions certified* feedaty.com which collects reviews on sellers and products, is active on the corporate websites. CSP's leading brand, Orobù, is GOLD Company-certified, with 97.8% of *positive redemptions*. For the Italian mass market brands (Lepel Cagi and Sanpellegrino), the CSP Myboutique myboutique.it platform indicator shows 97.7% of positive reviews.

Lastly, please note that the CSP Group was not the object of any dispute nor was it applied any fines in relation to the non-conformity of its marketing communications and/or of other initiatives of a commercial nature.

CSP and the territory

GRI 103-2 GRI 103-3 GRI 204-1

The impact on the territory

The percentage of suppliers who are entrusted with external processing activities (subcontractors) and who operate in the hosiery district of Castel Goffredo, in proximity to the facility of Ceresara (MN), just like in the geographical areas of Carpi (MO) and Bergamo and on French territory in the departments of CSP 's France subsidiaries is considerable. The policy followed by CSP contributes to ensuring a positive spin-off on the economy and on the operators in the relevant territory. Please note how the value distribution to local suppliers must, in any event, take into account and be conditioned not only by the operational model, but also by the type of supply being requested.

The economic effects on the territory

In 2021, the total supplies entrusted by CSP to **local suppliers** amounted to Euro 12.6 million. The figure of Euro 10.1 million for purchases in 2021 represents 43.9% of total supplies for CSP's Italian sites.

(Euro million)	CSP Italy			CSP France			Total		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Total supplies on territory	15.3	14.9	10.1	1.8	2.2	2.5	17.1	17.1	12.6
% Supplies on territory over the total (to value)	42.7%	40.4%	43.9%	4.3%	6.6%	6.9%	22.0%	24.4%	21.4%

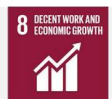
With regard to the Italian sites, more than 350 suppliers located in the provinces of Mantua, Modena and Bergamo (sites of CSP production units) have been identified as local suppliers. As regards CSP France, the local suppliers (around 150) are located in the departments of Le Vigan and Fresnoy (CSP headquarters).

The relationship with the territory

Art and culture - Sponsorships and initiatives

CSP promotes and supports social, sport, humanitarian and cultural initiatives, if necessary, also by making contributions to foundations, institutions, organisations or bodies dedicated to carrying out social and cultural activities and, more generally, to improving living conditions and spreading a culture of peace and solidarity. The process of disbursing these contributions is carried out in compliance with the regulations in force and is correctly and adequately documented. In particular, in 2021 grants were given to some sports clubs, such as football, tambourine and cycling.

03 GOVERNANCE



03 GOVERNANCE

Corporate governance

GRI 102-12 GRI 102-13 GRI 102-18

The corporate governance structure adopted by CSP is founded on the traditional organisational model, hence it consists of the following corporate bodies:

- The Shareholders' Meeting (authorised to adopt resolutions on topics provided for by the law and by the Company By-Laws);
- The Board of Directors (to which the Company's management is entrusted);
- The Board of Statutory Auditors (to which the supervisory function is entrusted).

The legal auditing is assigned to the Auditing company PricewaterhouseCoopers S.p.A. for the nine-year period 2018-2026. A 231 Supervisory Body was also appointed to supervise on proper functioning of the "Model 231" and to handle its update.

CSP has adhered to the new Corporate Governance Code, adopted by the Corporate Governance Committee of Borsa Italiana in January 2020 (available on the Corporate Governance Committee's website <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>), under the terms indicated in the "Report on Corporate Governance and Ownership Structure" for the year 2021.

The Board of Directors has set up an internal Control, Risk and Sustainability Committee and an Appointment and Remuneration Committee.

Composition of the Corporate Bodies

Board of Directors	
Francesco Bertoni	Chairman and CEO
Carlo Bertoni	CEO
Giorgio Bardini	Non-Executive Director
Rossella Gualtierotti	Independent Director
Beatrice Graziano	Independent Director
Board of Statutory Auditors	
Guido Tescaroli	Chairman
Marta Maria Renoffio	Standing Auditor
Stefano Ruberti	Standing Auditor

In accordance with article 19 of the Company By-Laws, the Board of Directors is vested with the widest of powers for ordinary and extraordinary management of the Company, including the power to carry out all acts it deems appropriate for the achievement of the corporate purpose, with the only exception being those which the law reserves to the General Meeting.

On 30 April 2021, the Board of Directors resolved:

- to appoint **Francesco Bertoni** and **Carlo Bertoni** as Chief Executive Officers, each of whom is entitled to represent the Company in dealings with third parties and in legal proceedings, within the limits of the powers delegated to them; granting each of them, severally, all powers of ordinary and extraordinary administration;
- to designate the CEO **Mr. Francesco Bertoni** as the Employer pursuant to Legislative Decree 81/08 with proxy of functions pursuant to Article 16 of Legislative Decree 81/08 to the CEO **Mr. Carlo Bertoni**;
- to identify the CEO, **Mr. Carlo Bertoni**, as the Chief Executive Officer (CEO) of the Company, both as the person exclusively in charge of setting up and maintaining the internal control and risk management system, in accordance with recommendation no. 34 of the Corporate Governance Code in force, and as the Management Representative for the Integrated Environment and Safety Management System.

The French subsidiary CSP Paris Fashion Group is a member of **Medef** (Mouvement des Entreprises de France), the most important association of enterprises in France, and of FEEF (Fédération des Entreprises et Entrepreneurs de France), founded in 1995, which brings together the French businesses operating on the territory.

Responsible Business Management

GRI 102-16 GRI 102-17 GRI 103-2 GRI 103-3 GRI 205-1 GRI 205-3

Ethical principles and control model

The internal control system, which involves all company functions, contributes to ensuring the efficiency and efficacy of company operations, reliability of financial information, compliance with laws and regulations and protection of corporate assets. Managers of operational areas are in charge of internal control. The Board of Directors has the ultimate responsibility for the internal control system in terms of orientation, guidance and supervision. Said corporate body periodically evaluates the adequacy and efficacy of the system with respect to the enterprise's characteristics, making sure that the main company risks are identified, measured, managed and monitored in an adequate manner. The Chief Executive Officer (CEO), Mr. Carlo Bertoni, is the director responsible for establishing and maintaining the internal control and risk management system.

For the purpose of increasing the efficiency and efficacy of the jobs and creating a body to support its own functions, the Board of Directors has set up, within the management body, a specific Committee for internal control, known as the "Control, Risk and Sustainability Committee". Among the various functions assigned to this Committee, we would like to point out the one pertaining to support and assistance to the Board of Directors for tasks relating to internal control system and identification and management of company risks, as well as the function of expressing opinion on specific aspects pertaining to the identification of the main company risks and the analysis of topics relevant to long-term value generation and monitoring the integration of sustainability topics into the internal control system.

The Board did not appoint an internal audit manager since it deemed the current internal control and risk management system to be functioning and adequate.

The Parent Company has adopted an "Organisation, Management and Control Model" pursuant to Leg. Decree no. 231/01, a regulation that introduced the administrative liability of the bodies in the Italian legal system. In particular, the Model takes into account the CSP's structural and organisational characteristics, and it is periodically updated. As required by the regulations in force on the subject, a suitable Supervisory Body was set up and assigned the task of supervising the functioning of and compliance with the Model, and of updating it.

The Code of Ethics, which identifies guidelines for corporate behaviour, forms integral part of the Model as per Leg. Decree no. 231/01.

The basic elements developed during the drafting of the Model are listed here below:

- identification of ethical principles and behavioural rules aimed at preventing behaviours that may give rise to the types of offences referred to in Leg. Decree no. 231/01;
- mapping of the so-called "sensitive" activities, with examples of possible ways of committing offences and of the instrumental processes within which, in principle, the conditions and/or means for committing the offences covered by the Decree could occur;
- provision of specific protocols to monitor the instrumental processes considered to be exposed to the potential risk of offences;
- setting up of a Supervisory Body with specific supervisory tasks on the effective implementation and actual application of the Model as:
 1. supervising the dissemination within the Company of the knowledge, understanding and observance of the Model;
 2. supervising compliance with the Model by the Recipients;
 3. supervising the validity and adequacy of the Model, with particular reference to the effective capacity of the Model to prevent offences provided for in the Decree from being committed;
 4. supervising the implementation of and compliance with the Model within the areas of activity potentially at risk of offences;

5. informing the Company of the need to update the Model, where there is a need for adaptation in relation to changed company conditions and/or legislation.
- definition of a system of sanctions suited to ensuring an effective implementation of the Model, containing the applicable disciplinary provisions in case of failure to comply with the measures indicated in the same Model and in the Code of Ethics;
 - development of an information, awareness and disclosure activity to the recipients of the Model;
 - adaptation of the methods for adopting and actually applying the Model as well as for the necessary changes or additions to said Model (updating of the Model).

The 'Code of Ethics' and the 'Organisation Management and Control Model' are available on the Company website at www.cspinternational.it in the Investor Relations/Corporate Governance section.

During the course of 2021, no reports were submitted to the Supervisory Body and/or cases of corruption.

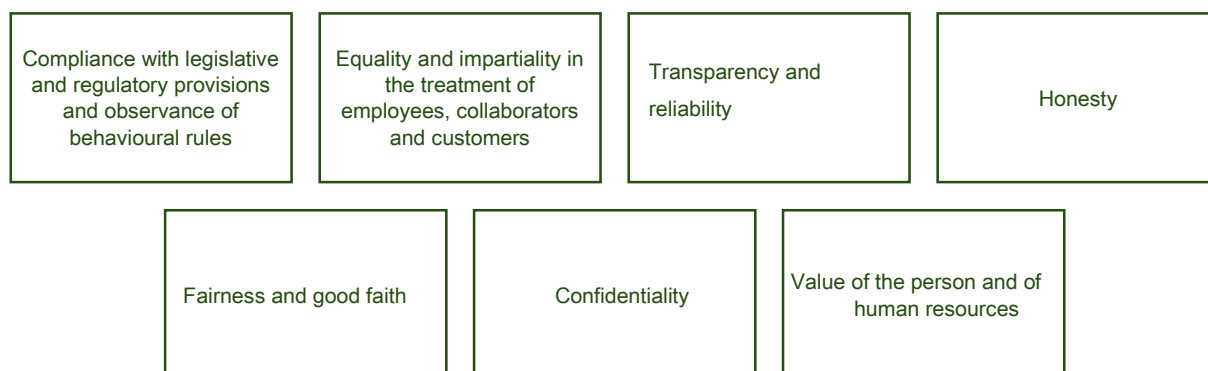
Code of Ethics

CSP is determined to ensure the utmost fairness in the running of its business and the relative company activities, also with a view to safeguard its image and reputation. The Code of Ethics states the principles and ethical values with which CSP complies during performance of its activities, and with which it expects compliance by all subjects at the company and, more generally speaking, by all those who cooperate with it for the pursuit of the company mission.

CSP bases all its actions, operations, relationships and transactions carried out during the management of the different corporate activities on the principles set out in the Code of Ethics. The Code of Ethics is binding on those who cover roles of representation, administration or management, or exercise, de facto, the management and control of CSP, or who cooperate and collaborate with it, for any reason, in the pursuit of CSP's business objectives, all employees with no exceptions whatsoever, collaborators and anyone who entertains business relations with CSP (the 'Recipients').

In particular, the Directors of CSP are required to draw from the principles of the Code of Ethics when establishing the Company objectives, proposing investments, carrying out projects, and when taking any decision or action related to the management of CSP.

In order to attain its objectives, CSP complies with the following principles:



Legality Rating

The Legality Rating is a tool introduced by the Italian Competition Authority, aimed at promoting and introducing principles of ethical behaviour in the company. Achieving an adequate rating is also important for access to credit. The company is assessed on the basis of compliance with current regulations and, more generally, the degree of attention paid to the correct management of its business, through the assignment of an award measured in "stars". CSP, with reference to the Group's Italian company only, has obtained the rating renewal with a rating of 3 stars, the maximum score.

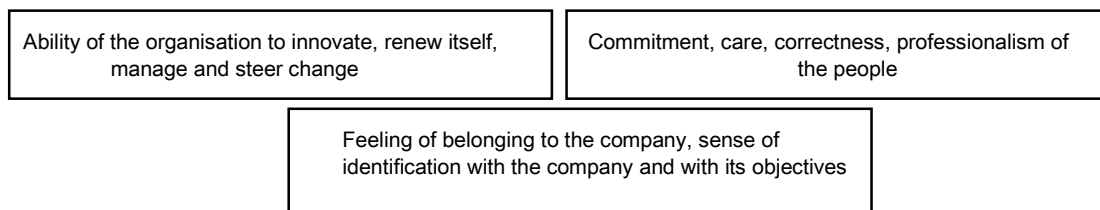
Integrated Environment and Safety management system

CSP (for the subsidiaries located in Italy) equipped itself with management systems in accordance with international standards, which allow continuous monitoring of the efficacy and efficiency of the processes.

CSP is fully aware of the challenges and opportunities dictated by the market, and of the need to make choices in line with the principles of sustainable development and worker safety protection. Therefore, CSP deems to be of crucial importance having an *integrated environment and safety management system* that makes it possible to standardise and keep its processes under control and collect the information deriving from them.

The integrated management system is aimed at ensuring continuous improvement of the processes, of environmental performance and of the management of the workers' health and safety, as well as the satisfaction of all Stakeholders, the prevention of environmental pollution, of accidents and occupational diseases.

Key points of the integrated system



Environment - ISO 14001:2015 Environmental Certification. The ISO 14001 system certification aims at increasing the trust of all Stakeholders, by ensuring the existence of an environmental management system suited to the nature of its activities, products and services.

Occupational Health and Safety - ISO 45001:2018 Occupational Health and Safety Certification. This certification confirms that the Company uses an efficient occupational health and safety system, hence that it is a reliable company.

Considering that standards ISO 14001:2015 and ISO 45001:2018 feature the same structure, modelled on the one established by higher level rules (high level structure), the two management systems are perfectly integrated into a single system. The management system and its performance are constantly monitored by means of internal and external audits conducted by third parties.

In the three-year period 2021-2023, maintenance, improvement and third-party auditing activities are planned for the supervision and renewal of the certification.

Environmental and Safety Policy

On March 13, 2020 CSP updated its Environmental and Safety Policy. The main lines of actions that CSP intends to follow on the topic of environmental protection and occupational health and safety, as highlighted in the policy for the environment and safety are:

- adopting rules and procedures, in addition to the mere legal requirements and regulations, which focus on its environmental aspects and its health and safety risks;
- monitoring the consumption of resources, energy, amount of produced waste and improving its management;
- monitoring the trend of accidents, near-misses, occupational diseases and improvement of their management;
- monitoring and raising awareness on the supply chain:
- adopting all measures necessary to limit the occurrence of emergency conditions and any consequent impacts;
- adopting measures aimed at eliminating hazards, where possible, and reducing risks for health and safety;
- adopting measures intended to improve environmental sustainability of processes;

- evaluating the impacts on the environment and on health and safety associated with the supply chain;
- designing, manufacturing and offering sustainable products, also taking into account indirect environmental impacts;
- promoting towards the Stakeholders the actions which the organisation undertakes and the results it achieves in the area of environmental sustainability and occupational health and safety protection.

To ensure compliance with these principles, CSP:

- adopts a preventive approach to the management of problems related to safety and environment;
- periodically reviews the efficacy of the adopted management system by checking the achievement of objectives and targets set for this purpose;
- promotes awareness among its personnel concerning the objectives, desired results, accountability, motivations and individual commitment in the implantation of this system; encourages participation and consultation at all levels;
- informs all Stakeholders, and whoever requests such information, of its own environmental, health and safety policy;
- commits the human and financial resources needed to achieve the objectives and to implement the improvement programs.

The Board of Directors, upon a proposal drawn up during the Management Review meeting, defines short and medium-term objectives which are disseminated and shared at all organisational levels.

Risk Management

GRI 102-11 GRI 102-15

Risk management is incorporated in the development strategy of the CSP Group, and represents a basis element of the governance system. The identification of risks is based on a periodical process of risk assessment involving the entire Management: the managers of the company functions, through a detailed analysis of its own activities, explain the company risks under their control and commit themselves to implementing a management policy of the consequent risk.

Individual risks are analysed and ordered by priority, in consideration of the Company's objectives and in connection with the combination of probability and potential impact of the risks themselves. The control activity represents the application of policies and procedures aimed at managing risks, guaranteeing Management the implementation of its directives. These policies and procedures ensure the adoption of the measures necessary in order to deal with risks that may compromise the attainment of the organisation's objectives. The outcomes of the activities referred to in the previous points are distributed in such form and times as to allow each one of the persons in charge to fulfil their tasks, with the aim of developing effective and diffused communication that flows within the organisation towards the bottom, towards the top and across all company functions.

Risk monitoring and assessment

The monitoring phase completes the risk analysis process, validating actions aimed at preventing or mitigating the effects of the risks. In real terms, this means constant supervision, periodical evaluations, or a combination of the two. The process is conducted in a current management framework, and includes regular checks conducted by Management or other initiatives undertaken by the personnel themselves during the performance of their tasks. The extent and frequency of the periodical evaluation mainly depend on the risk assessment and on the efficacy of the supervisory procedures.

Environment, Health and Safety - Analysis of the risk context

In line with the requirements of standards ISO 14001 and ISO 45001, an analysis of the context (both internal and external) and the risk was conducted and documented which made it possible to highlight, specifically, the aspects associated with the environment and with occupational health and safety.

Risk - opportunities assessment of the processes

The company processes were mapped by site/activity. For each site, the impact on the environment and on the workers' health and safety was evaluated and classified. Similarly, for each activity the relative opportunities for improvement, to be implemented during the subsequent design activities, were searched for and highlighted.

Risks and management methods

The CSP Group conducts an assessment of the risk areas, which are listed here below, with specific, but not exclusive, reference to the significant ones in terms of sustainability. The same table lists, in summary and/or with specific references to other sections of this document and/or documentation that can be found on CSP's website, the methods for managing said risk, in other words the strategies, policies and action plans of the CSP Group identified as a protection against risks.

Area-Category / Risk Description	Underlying material topic	Management method
Competitive scenario		
Trend of reference markets	Creation and distribution of value Innovation and technological research on products	CSP's Strategic Plan, in view of a reference scenario characterised by stagnating consumption and a contraction of the reference markets was drawn up starting from strategic guidelines that consider research, innovation and sustainability to be drivers.
Strategic Risks - Business Model		
Risks related to general macroeconomic trends on the markets where CSP is present. (Ability to maintain and/or increase the market shares and to expand into new markets, through innovative products featuring high qualitative standards and capable of guaranteeing suitable profitability levels).	Creation and distribution of value Product quality and safety Brand image and reputation Customer satisfaction and responsible Marketing	CSP's Strategic Plan, in view of a reference scenario characterised by stagnating consumption and a contraction of the reference markets was drawn up starting from strategic guidelines that consider research, innovation and sustainability to be drivers Specifically: a) Development and marketing of new products with innovative and sustainable features. b) Relevance of product quality and safety
Climate change Ongoing climate change can have a significant impact on consumer habits, needs and choices, affecting CSP's business model and offering	Energy, emissions and climate change	CSP's responses to the risks arising from climate change are an integral part of the strategic plan and in the choice of guidelines and development of the offer according to the guidelines outlined in Chapter 2 Made in CSP.
External risks		
Impacts arising from the manifestation of the COVID-19 pandemic risk	Ethical business conduct and compliance with standards Creation and distribution of value Safeguarding the workers' health and safety	The specific procedures adopted (protocols and establishment of the specific Committee) are indicated in the chapter on Human Resources.
Financial risks		

<p>The CSP Group is exposed to financial risks associated with its operations and, in particular, to: a) credit risk/ normal trade relations; b) liquidity risk/ availability of financial resources and access to the credit market; c) foreign exchange risk; d) interest rate risk.</p>	<p>Creation and distribution of value</p>	<p>CSP constantly assesses risks in order to estimate, in advance, the potential negative effects and to undertake suitable actions aimed at mitigating said risks.</p> <p>For the specific management methods of risks of a financial nature, please refer to the <i>Consolidated Financial Statements as at 31 December 2020</i>.</p>
<p>Operating risks</p>		
<p>Compliance Risks associated with failure to comply with rules and regulations</p>	<p>Ethical business conduct and compliance with standards</p>	<p>CSP has adopted an organisation, management and control Model pursuant to Leg. Decree 231/2001, which defines and provides for responsibilities and tasks of senior-level staff, with the aim of segregating potential conflicts or sensitive areas, including with respect to offences on the subject of the environment and/or occupational health and safety.</p> <p>Periodical conformity checks, including with respect to authorising practices and dialogue with the Stakeholders. Planning and conducting internal audits.</p>
<p>Risk of potential <i>data breach</i> in relation to customer privacy and loss of customer data</p>	<p>Data security (Cybersecurity) and privacy protection</p>	<p>CSP has adopted a Model for the protection of personal data, operating procedures for the management of the various fulfilments, legal documentation, processing operations register, IT risk analysis approach).</p> <p>The Data Breach Management Procedure governs the process in accordance with the European Regulation on the protection of personal data and defines the roles and responsibilities of the subjects involved.</p>
<p>Environmental risks Management and effluents of water. The risks pertain to the dyeing process, the management of hazardous materials used in production processes (chemical products /dyes) and to the generation of waste.</p>	<p>Ethical business conduct and compliance with standards</p> <p>Responsible consumption, sustainable packaging and packing (raw materials, energy, water)</p> <p>Emissions and climate change</p> <p>Waste production and management</p>	<p>The CSP Group has long dealt with the problems underlying this area, adapting the installations and subjecting them to monitoring. This with special reference to processes which are most exposed, such as: the dyeing process and the use of energy sources.</p> <p>The protection against the risk in question is represented, in the first place, by the Environmental Management System.</p>
<p>Human Resources / Organisational risks Ability to retain, attract and promote qualified resources</p>	<p>Training, professional development and skills</p> <p>Employment protection</p>	<p>The human resources management policy entails an annual review and monitoring of the attainment of objectives and targets.</p> <p>The protection against the risk in question is based on a few specific elements: a) Dialogue at all organisation levels in order to promote leadership and a feeling of belonging; b) Constant dialogue with the social parts (trade union organisations) and focus on the application of company principles (Code of Ethics) during the work activity; c)</p>

Guaranteeing the workers' health and safety	Safeguarding the workers' health and safety	Periodically, personnel who cover key positions or positions of responsibility are subject to specific training that allows an updating of their skills and enhances the value of the people. The protection against the risk in question is represented, in the first place, by the adoption of the ISO 45001:2018 Health and Safety Management System. Key points of this system are: a) refresher program of the skills by means of scheduled training sessions; b) routine maintenance activities to be carried out on the systems, also in connection with the assessed risk level; c) survey of suppliers as regards environmental, health and safety aspects that may affect the company business; d) updating of the risk assessment and subsequent periodical training activity; e) monitoring of dangerous situations and near-misses; f) periodical and formalised operational check.
Supply chain – Suppliers Reputation and business continuity risk caused by any violations by the suppliers (external workers / subcontractors) of the principles contained in CSP's Code of Ethics and by non-conformity to CSP's policies regarding environment-health-safety	Sustainability of the supply chain	In 2019 an internal analysis was carried out in order to: a) map the most significant suppliers from the standpoint of potential impact on environmental, safety and health topics; b) define the criteria used to evaluate the risk level along the supply chain; c) implement direct and indirect monitoring actions (through questionnaire) of the suppliers depending on prioritization of the risk level. Product traceability is one of the guidelines of CSP's sustainability strategy.
Community and territory Development of conflicts and disputes	Support to local communities (Suppliers and territory)	CSP's Management (at different levels of Function / responsibility) is directly committed in managing dialogue and any problems with local communities and the territory.

The precautionary approach

Introduced in 1992 during the United Nations Conference on Environment and Development (*United Nations Principle 15 of The Rio Declaration on Environment and Development*) as part of the protection of the environment and biodiversity and transposed and used at various levels of government and in practice in the areas of consumer protection and health, the principle states that "*In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation*".

The application of this principle entails, as an integral part of the risk management strategy, a prior evaluation of any potential negative effects of an environmental and social nature that may derive from the making of decisions and/or strategic choices pertaining to products and processes. Should the existence of a risk of serious or irreversible damage is identified, the adoption of suitable and effective measures must be evaluated, also in relation to costs and benefits, aimed at preventing and/or mitigating said negative impacts.

As indicated in the Policy for the environment and safety, CSP has adopted a preventive approach as regards the management of problems related to the environment and to safety, in particular for that which is referred to the production process and the development of new product lines.

Compliance

GRI 103-2 GRI 103-3 GRI 206-1 GRI 207-1 GRI 207-2 GRI 207-3 GRI 207-4 GRI 307-1 GRI 416-2 GRI 417-2 GRI 417-3 GRI 418-1 GRI 419-1

CSP's governance model, which includes the Organisation Model as per Leg. Decree no. 231, and the Code of Ethics, define the Group's reference parameters on the subject of relationships with the international regulatory framework. Please see the chapter where relationships with customers are analysed for the aspects of regulatory compliance more closely related to products and to commercial and marketing policies.

Compliance with standards

During 2021, just like during the previous year, there were no situations which resulted in sanctions and/or litigation for non-compliance with environmental laws, rules and regulations. Similarly, as at the date of this Non-Financial Statement there are no ongoing litigation concerning environmental issues.

National and local environmental laws are particularly alert to the production process of the dyeing departments of CSP's production sites (Ceresara and Le Vigan). These systems require specific authorisations and a constant monitoring process of various parameters, among which the concentration of chromium, used in dyes (especially for the colour black), to set the colour pigments. The regulatory evolution provides for a gradual reduction of the thresholds and/or limits, with which CSP shall be required to fully comply.

Non-compliance with laws and regulations in the social and economic area

As at the date of this document, there are no cases of violations of laws and /or regulations pertaining to provisions of a social and economic nature. No penalty of such nature was received during 2021 and there are no significant proceedings concerning this issue.

Human rights

As regards in particular the topic of human rights, said topic is basically an integral part of the processes tied to the supply chain and relative potential problems. Please, see in this regard the information provided in the chapter of this document dedicated to the analysis of relationships with suppliers (Responsibility of the supply chain).

Environmental certification

The adoption of an environmental policy, management systems and, in particular, certification according to the ISO 14001:2015 Environmental Standard by CSP (for Italian production) finds its logic, in addition to strengthening the confidence of Stakeholders, in the following elements:

- Requests of mature customers who are aware and careful in their choices, including environmental and social aspects;
- Optimising the consumption of resources (raw materials);
- Compliance with rules and regulations ('Compliance') in the environmental field.

Tax transparency

The tax approach of CSP International and its Group companies

As a multinational group, CSP contributes to the economies of the different Countries in which it operates by paying various taxes, which can be grouped into the following categories:

- income taxes, tax on company profits;
- property tax;
- taxes on labour, including taxes collected and paid to tax authorities on behalf of employees;
- indirect taxes on turnover and production and consumption of goods and services, such as VAT, customs duties, etc.

In the spirit of its Code of Ethics and Conduct, CSP and the group subsidiaries are committed to acting with honesty and integrity in all tax matters and with a transparent and sustainable long-term tax approach. CSP is committed to complying with legislation in all jurisdictions in which it operates, working closely with tax authorities to ensure that taxes due are paid.

Tax planning

The Group's tax affairs are managed in accordance with the tax regulations applicable in the different Countries, through tax behaviour consistent with the principles set out in the Code of Ethics and Conduct. No tax planning strategies are pursued and no artificial schemes are used to implement behaviour and transactions, whether domestic or cross-border, that lack real economic substance for the sole purpose of achieving tax savings. Intra-group relations, for tax purposes, are regulated with the aim of aligning, as correctly as possible, transfer conditions and prices with the places where value is created within the Group.

Fiscal risk management

CSP is risk-averse with respect to taxation. When determining the tax treatment of a particular transaction or activity, choices are made based on reasonable and conservative tax interpretations.

Considering the size and complexity of the Group's business, it cannot be excluded that risks may arise in relation to the interpretation of particularly complex or evolving tax regulations. These risks are identified and analysed internally and with the support of qualified tax advisors before each transaction takes place. This ensures that policies are adopted that do not expose the Group to extraordinary fiscal risks.

The CSP Group is supervised by the Board of Statutory Auditors and audited by independent auditors.

Relationship with tax authorities

CSP guarantees transparency and fairness in its relationships with the tax authorities of the individual countries in which it operates, with whom it maintains open and constructive relations in order to resolve any disputes in a spirit of cooperation. In the case of particular uncertainty about the tax treatment applicable to relevant issues, the tools made available to the taxpayer in individual countries are used to know in advance the position of the competent tax authority, so as to make informed choices.

Tax data reporting

It should be noted that CSP International is not, to date, subject to the so-called *country-by-country reporting* rules set out in Article 1, paragraphs 145 and 146, of Law No. 208 of 28 December 2015 and Council Directive 2016/881/EU of 25 May 2016 amending Directive 2011/16/EU, as well as the relevant implementing provisions. Nevertheless, as required by GRI Standard 207-4, specific quantitative disclosures on taxes are provided below.

Area	Jurisdictions	Employees (Head Count at 31 Dec. 2021)	Revenue from sales to third parties (Euro/000)	Intra-group revenue (EURO/000)	Nominal tax rate average	Income tax paid (Euro/000)	Income tax accrued (Euro/000)	Tangible assets (Euro/000)
Italy	Italy	319	33,406	8,061	27.90	-	-	10,040
France	France	342	56,131	99	26.90	376	1,149	3,009
Germany	Germany	3	1,111	-	24.30	-	-	7
United States	United States	-	343	-	21.00	-	5	-

Procedures on respect for competition

During the reporting period, there was no incident and/or initiation of proceedings or legal action against the CSP Group relating to violation of free competition, monopolistic practices or antitrust.

Quality and safety - Product conformity

CSP International Group produces and distributes hosiery, underwear, beachwear and innovative and top-quality material clothing throughout the world. Essential conditions are research, technological and stylistic innovation. These strategic objectives can only be achieved if the production chain, production and distribution processes are consistently managed and monitored. In this respect, it is well known that one of the potential critical issues in the textile-clothing sector is the compliance of products with environmental rules and regulations. Using raw materials, and in particular chemical substances in internal production processes and/or processes entrusted to subcontractors, exposes the Company to potential risks, which require constant attention.

Products subjected to analyses in order to verify their impact on health and safety - cases of product non-conformity

During the reporting period, there were no cases of non-conformity with rules, regulations or voluntary codes regarding impacts on the health and safety of the products during their life cycle.

Product labelling

CSP products require labelling (even only on the pack) that indicates the fibre composition and the manufacturer or retailer. As in 2019 and 2020, there were no cases of non-conformity to this regulation by CSP or by the other Group subsidiaries in 2021.

Privacy Policy

The Company has completed the project to comply with the new legal framework for the protection of personal data (EU Regulation 2016/679 and Italian implementing legislation). As a result of this activity, a set of internal provisions and self-regulation rules have been defined, including the Model for the protection of personal data, operating procedures for the management of the various fulfilments, legal documentation, processing operations register, IT risk analysis setting up.

The Model, which intends to comply with the provisions contained in the GDPR and, more generally, with the self-regulation rules adopted by the Company, pursues the following objectives:

- guaranteeing exercise of the rights of the data subjects concerned by the processing;
- fulfilling the Data Controller's obligations, enhancing in all those who process personal data the awareness of the role covered within the organisational structure and of the responsibilities assigned to them;
- act promptly in order to prevent or combat possible violations through actions aimed at monitoring and checking the fulfilments referred to in the GDPR and the implementation of suitable security measures.

The Company also continued its ongoing data protection management activities, including but not limited to:

- management of relationships with service providers and regularisation of privacy relations (e.g. designation of suppliers as data controllers pursuant to Art. 28 GDPR);
- adoption of additional document templates, in response to specific needs such as for instance the information on data processing for situations related to the Covid-19 emergency;

- monitoring and addressing personal data breaches, so-called “data breaches”;
- adaptation to the main new national and supranational regulations and best practices that emerged during the reporting period;
- monitoring of the processing of personal data carried out and constant updating of the register of processing operations;

CSP has completed the staff training activities on data protection included in the company's training plan.

No complaints have been received by the Company during the reporting period with regards to violations of the regulations in force, of the rights of the persons concerned or of the personal data for which the Company is the Data Controller.

Cybersecurity

The Company has set up various preventive actions to combat cybercrime.

Considering that the human factor plays a crucial role in the Company's cyber security, CSP has set up a series of training programmes for staff, through e-learning platforms: these programmes aim to raise awareness that each user contributes significantly to the Company's security.

The training programmes have three distinct phases: courses, follow-up questionnaires and finally simulation. At the end of each training plan, the necessary reports are prepared in order to define further individual training actions to deepen or refine the concepts presented in the courses.

The training programmes are in line with the training guidelines of the EU Regulation 2016/679.

Corporate IT security is one of CSP's corporate priorities and will remain so for years to come.

In addition to managing training plans for internal staff, the Company is investing in IT security, preparing all its systems for a managed security solution delivered by an external SOC, an operations centre whose main task is to supervise and manage the security of information systems.

In particular, the 24-hour, 7-a-week operation of the SOC manages the constant monitoring of company assets, the collection of events and telemetry from various IT sources, correlating them with each other, to identify any anomalies and/or threats; periodically, together with security analysts, a series of playbooks are drawn up to outline all incident response actions, namely: detection, analysis, containment, eradication and recovery.

04 ECONOMIC RESULTS AND DISTRIBUTED VALUE



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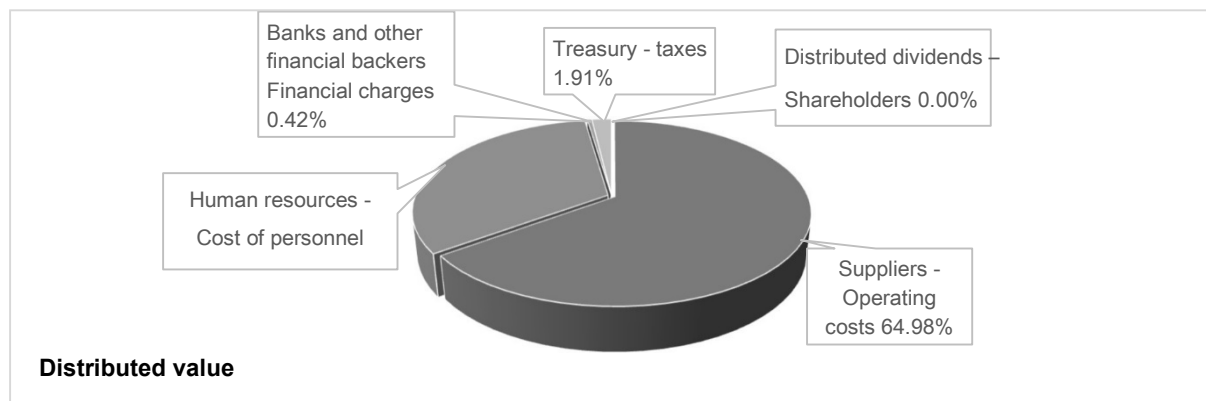
The economic value generated and distributed

GRI 103-2 GRI 103-3 GRI 201-1 GRI 201-4

The table below, prepared on the basis of the consolidated income statement for the reporting period, highlights the economic value generated directly by CSP and distributed to internal and external Stakeholders. This indicator refers to CSP's net revenue (revenue, other operating revenue, clear of losses on receivables), whilst the distributed economic value includes costs reclassified by category of Stakeholders. No dividends were distributed to Shareholders in 2021.

The retained economic value relates to the difference between generated and distributed economic value and comprises the amortisation/depreciation of intangible and tangible fixed assets, provisions for restructuring costs (Euro 1.2 million) and deferred taxes.

Economic value (Euro thousand)	2019	2020	2021
Generated economic value	110,025	83,628	93,693
Suppliers - Operating costs	(71,751)	(55,788)	(57,428)
Human resources - Cost of personnel	(34,298)	(28,257)	(28,885)
Banks and other financial backers – Financial charges	(499)	(606)	(375)
Treasury - taxes	(1,878)	(689)	(1,685)
	(108,426)	(85,340)	(88,373)
Distributed dividends – Shareholders	-	-	-
Distributed economic value	(108,426)	(85,340)	(88,373)
Retained economic value	1,599	(1,712)	5,320



Financial assistance received from the Public Administration

In 2021, the Parent Company CSP International Fashion Group S.p.A., accrued a) tax credit for research and development, technological innovation, design and aesthetic design activities and capital goods amounting to Euro 166,096 (Year 2020 – Euro 94,090); b) Other financial benefits amounting to Euro 238,008 in the form of energy subsidies, non-repayable subsidies on loans, benefits for automotive diesel, rent bonus and incentives for young people's employment (Year 2020 - Euro175,432).

05 THE HUMAN RESOURCES



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Personnel management, value enhancement and development policies

GRI 102-41 GRI 103-2 GRI 103-3 GRI 406-1

Remuneration policies

As required by the regulations in force, all employees are covered by collective bargaining and supplementary company agreements.

Protection of gender diversity and equal opportunity

CSP protects and promotes the supreme value of the human person, who must not be discriminated against on the basis of age, gender, sexual orientation, language, nationality, political and trade union opinions, religious beliefs. CSP acknowledges the central role played by human factors and believes that the most important success factor for any company is guaranteed by the professional contribution of the people who work for the company, in an environment of honesty and mutual trust. CSP considers human resources as an indispensable and precious asset for its very own existence and future development.

CSP acknowledges, as unavoidable principles of its company philosophy, in tune with the international organisation to which it belongs, respect for the work, professional contribution and effort of each single employee, as well as respect for different opinions, regardless of seniority and experience, and the power of ideas. To this end, CSP guarantees equal opportunity at all levels of the organisation, according to merit-based criteria and with no discrimination whatsoever. In turn, employees and external staff are asked to commit themselves and to behave honestly, guaranteeing the due performance and fulfilling the commitments undertaken vis-à-vis the Company.

CSP also agrees to arrange for authority to be exercised with fairness and correctness, avoiding any and all abuse. In particular, authority must never lead to the exercise of power that is detrimental to the dignity and autonomy of employees and external staff in a broad sense. The organisation's choices regarding the work must safeguard the value of all employees and external staff.

CSP guarantees the physical and moral integrity of its employees and external staff, working conditions that are respectful of individual dignity and safe and healthy working environments. There is absolutely no tolerance at the Company for requests or threats intended to make people act against the law and the Code of Ethics, or to act in such a manner that is damaging to a person's beliefs and moral and personal preference.

Discrimination and harassment

CSP does not tolerate any discriminatory behaviour, nor any form of harassment and/or personal or sexual offence. Hence, CSP is committed to fostering a working environment that excludes any form of discrimination and harassment concerning gender, religion, nationality, age, sexual orientation, disability or other personal traits not pertaining to the job.

In the workplace, it is absolutely forbidden to engage in any illegal conduct whatsoever or in any form of abuse, threat or aggression against people or company assets. All personnel are required to report any such behaviour and, in any event, any alleged violation of rules, directives or procedures, to their direct supervisor, who in turn shall report it to the Human Resources function, with the due guarantees of confidentiality.

There were no cases and/or episodes of gender discrimination in any of the companies belonging to the CSP Group.

The CSP'S role

CSP contributes to the economic well-being and growth of the communities in which it operates. To this end, it carries out its activities in full compliance with local and national communities encouraging dialogue with trade unions or other types of associations.

CSP does not encourage nor does it entertain any kind of relationship with organisations, associations or movements that pursue, directly or indirectly, objectives which are criminally illegal or, in any event, forbidden by the law. Moreover, CSP condemns any form of participation in associations the purposes of which are prohibited by the law and contrary to public order. It also repudiates any behaviour even only intended to facilitate the activity or the program of organisations instrumental to the commission of offence, even if said facilitating behaviours are necessary for the purpose of achieving a benefit.

Market difficulties, production restructuring measures and Covid-19 impacts

GRI 102-15 GRI 103-2 GRI 103-3

Restrictive measures to contain the spread of the COVID-19 pandemic, travel restrictions and controls, and the closure of production facilities and offices, have had a significant negative impact on domestic and global financial markets and economic activity, particularly during 2020 and early 2021. The Group acted promptly to monitor and manage the situation with great care, applying all appropriate health and safety protocols, in full compliance with the provisions of the competent authorities. These circumstances, extraordinary in their nature and extent, had direct and indirect consequences on the operating activities of Group subsidiaries.

Since the first days of the health emergency, the Group has been working to face it, trying to ensure the business continuity of its offices and plants, while guaranteeing the protection of its staff, customers and suppliers. The main solutions adopted concerned encouraging smart working, limiting travel, increasing proximity spaces in the workplace and introducing measures to avoid gathering.

Measures were introduced to mitigate the negative effects deriving from the crisis following the COVID-19 pandemic, achieving a containment of labour costs thanks to the benefit of social safety nets made available, in various forms and measures, by the Governments of the various Countries in which the Group operates. The cost rationalisation and digital transformation actions underlying the Updated Plan, already planned in a pre-pandemic context, were accelerated in the 2020 financial year, compared to the original timeline, following the spread of the COVID-19 pandemic.

Personnel reduction plans

The difficult situation of the market on which CSP operates has led, in recent years, to the implementation of personnel reduction plans, along with the use, for its Italian and French units, of temporary support measures such as the Wage Guarantee Fund. These measures, in respect for the different positions, were managed through a constant dialogue with the trade unions.

Use of social safety nets falls within the scope of rationalization and cost containment plans for the structure of the production units, which aims to minimise the effects arising from the contraction of the reference domestic markets and the consequent choice to rationalise the development of CSP product lines.

The state of epidemiological emergency caused by Covid-19, which to date is still permanent (until 31 March 2022, unless otherwise provided) and evolving, and the effects it has had on the global economy and on the business of the whole Group, following the prescribed shutdown of activities that in various periods have influenced and affected economic activities and consequent contraction in consumption, have forced the Group to make prolonged use of the Ordinary Wage Guarantee Fund (Cigo) for the national Covid-19 emergency, to the extent provided for from time to time by the emergency decrees, starting from 23 March 2020 until 31 December 2021.

The use of the Cigo Covid-19 concerned all the units of the Parent Company and related points of sale, was requested for all employees benefiting from wage subsidies and suspended the safety nets implemented at the beginning of 2020 at the production units of Ceresara and Carpi. The Cigo Covid-19 has proven to be the most appropriate tool to respond to the need to suspend workers at zero hours, particularly during the period of production and commercial activities shutdown.

CSP, in all actions taken in connection to the Cigo Covid-19 since 23 March 2020, has always carried out the procedures of information and consultation with trade unions and, despite the contingent unfavourable situation, has always brought forward the amounts corresponding to the integrations borne by the Social Security Service (INPS) to the normal salary deadlines. However, this will not be the case for the Extraordinary Wage Guarantee Fund (Cigs) due to the partial closure of the Carpi production unit, activated from January 2022 for 12 months, for which direct payment by INPS is envisaged.

CSP Paris

Over the last two years, CSP Paris has carried out structural actions to make its organisation more efficient and to reduce its cost structure. In particular, it has reorganised the logistics of the Fresnoy le Grand site (Le Bourget brand) and implemented the information system and organisation already in place at the Le Vigan site (Well brand). In addition, to cope with the consequences of the Covid-19 epidemic on its markets, during the lockdown months, CSP Paris made use of the Wage Guarantee Fund, specially set up by the French government.

Current initiatives and plans

Production unit of Carpi (MO) and related point of sale: following the trade union consultation procedure concluded with the achievement of an agreement recorded on 11 December 2019 at the Regional Employment Agency - Employment Centre of Modena, an Extraordinary Wage Guarantee Fund was set up as of 2 January 2020, for a duration of 9 months, affecting 45 employees out of 48 in force at the production unit of Carpi.

As a result of the pandemic emergency and the contingent shutdown of production and commercial activities, after having carried out the required trade union information and consultation procedures, CSP made use of the Cigo Covid-19 as from 23 March 2020, without interruption until 24 July 2020 and from 31 August to 25 December 2020, in accordance with the procedures and time limits provided for by the emergency decree, forwarding to the Ministry of Labour and Social Policies, the request for suspension of the Cigs in force since 2 January 2020, in correspondence with each period of Cigo Covid-19 requested. The Cigs was reinstated in conjunction with the periods not covered by the Cigo Covid-19.

As from 4 January 2021, use of the Cigo Covid-19 continued, in accordance with the emergency regulations in force, continuing uninterruptedly until 31 December 2021, with the exception of the periods not covered by the Covid safety net, for which it was necessary to reinstate the Cigs activated from 2 January 2020.

On 15 December 2021, at the Regional Employment Agency of Emilia-Romagna, a meeting was held by video conference between CSP and Trade Union Representatives (RSU and territorial OO.SS.), during which an agreement was signed for the activation of active policies in favour of workers involved in the partial cessation of activities/works at the Carpi plant. The activation of active policies provided for the support of the workers concerned by the competent Employment Centres, with regard to services aimed at job relocation and preparatory activities.

On 22 December 2021, at Division VI of the General Directorate for Labour Relations and Industrial Relations of the Ministry of Labour and Social Policies, a meeting was held by video conference with the Trade Union Representatives to carry out the joint examination aimed at signing the government agreement concerning the implementation of an extraordinary wage guarantee fund for partial cessation of activities. On the basis of the aforementioned agreement, CSP implemented an extraordinary wage guarantee fund with zero hours suspension, due to partial cessation of activities, which will concern a maximum of 21 employees working in the closed departments of the Lepel Division in Carpi (plant and point of sale), starting from 1 January 2022, for a duration of 12 months, until 31 December 2022. This procedure cancelled and replaced, for the workers in the departments that had been closed down, the previous Cigs for crisis activated as of 2 January 2020 and interrupted several times by the Cigo Covid.

Also on 22 December 2021, during the joint examination at government level, the outplacement agreement was signed, in which the company scope and professional profiles of the workers for whom full employment recovery was not envisaged were identified and, therefore, interested in the use of outplacement allowance, according to the reported ISTAT codes. By signing the outplacement agreement, the government agreement for the activation of the extraordinary wage guarantee fund for partial cessation of activity was finalised and concluded.

In 2021, use was made of social safety nets (Cigs and Cigo Covid-19) for a total of 30,393 hours (of which 24,453 hours of Cigo Covid-19), involving 27 employees out of an average of 44 employees in force entitled to wage subsidies).

As at 13 September 2021, in order to contain fixed and accessory structural costs, the Carpi headquarters moved to a smaller building in the same municipality. The Carpi point of sale was closed due to discontinued operations on 11 September 2021.

Production unit of Ceresara (MN) and related points of sale: following the trade union consultation phase an agreement was reached on 20 December 2019 with the reaching of an agreement that provided for the activation of a Solidarity Contract as of 2 January 2020, for a duration of six months. This procedure provided for an average reduction in working time of 50% and concerned 81 out of 266 workers in force at the Ceresara site.

The pandemic emergency occurred and the contingent suspension of production and commercial activities, led CSP to carry out the procedures of information and consultation with trade unions preparatory to the request for the intervention of the Cigo Covid-19 running from 23 March 2020 and continued thereafter, even after the reopening of business activities, until 31 July 2020, and from 31 August to 25 December 2020, in accordance with the procedures and time limits provided by the emergency decree, and to forward to the Ministry of Labour and Social Policies, in correspondence with each period of Cigo Covid-19 required, the application for suspension of the Solidarity Contract in force since 2 January 2020, according to the terms allowed by the remaining duration of the latter.

Following the use, completed on 31 July 2020, of the 18 weeks of Cigo Covid-19 provided for by the emergency law decrees prior to Leg. Decree no. 104 of 14 August 2020 and pending the publication and provisions of the latter on social safety nets, a new Solidarity Contract was entered into with the Trade Union Representatives on 31 July 2020, with a planned duration of 6 months (from 3 August 2020 to 31 January 2021) which replaced the previous Solidarity Contract of 20 December 2019, interrupting its effects ahead of the expected deadline. Compared to the previous one, the new Solidarity Contract proved to be more suitable for facing up to the emergency situation caused by the pandemic, providing for an increase in the average reduction percentage in working hours from 50% to 60% and involving 238 employees out of the 244 benefiting from wage subsidies at the Ceresara unit and related points of sale.

The expected evolution of the regulatory framework was finally resolved on 14 August 2020 with the provision of additional periods of Cigo Covid-19, for a maximum duration of 18 weeks, to be placed in the period between 13 July and 31 December 2020. On the basis of the provisions of the Leg. Decree of August 2020, CSP has agreed with the Trade Union Representatives to revoke the solidarity contract entered into on 31 July 2020, interrupting its effects in advance and to request the intervention of the Cigo Covid-19 from 31 August 2020 to the extent and within the terms allowed by the Decree. All this because the Company and the Trade Union Representatives considered that the Cigo Covid-19 was more suitable than the Solidarity Contract to deal with the continuing economic crisis and emergency situation that began in March 2020.

The Cigo Covid-19 procedure, which lasted until 25 December 2020, was reactivated, after an interruption of one week due to a collective holiday, as of 4 January 2021 and continued almost without interruption until 31 December 2021, in accordance with current legal provisions, except for two interruptions during periods not covered by the Covid safety net.

In 2021, use was made of social safety nets Covid-19 for a total of 57,799 actually involving 188v employees out of out of an average of 239 in force and entitled to wage subsidies.

The failure of the Government to provide further periods of Cigo Covid-19 for the year 2022, despite the continuation of the epidemiological emergency and the contingent market situation, induced CSP to carry out the procedures of information and consultation with trade unions preparatory to the request for the ordinary wage guarantee fund for the production unit of Ceresara and related points of sale, from 3 January 2022 until 26 February 2022, for all workers in force entitled to wage subsidies.

On 28 February 2022, CSP met with the Trade Union Representatives with whom it signed an agreement concerning the activation of a solidarity contract, which provides for an average reduction of 40 % in working hours for 159 employees out of 225 entitled to work at the production unit (departments, offices and points of sale) in Ceresara, starting from 1 March 2022, for a duration of 7 months, until 30 September 2022.

Production unit of Bergamo and related points of sale: following the pandemic emergency and the contingent suspension of production and commercial activities, after having carried out the required trade union information and consultation procedures, CSP requested the intervention of Cigo Covid-19, starting from 23 March 2020, which continued even after the reopening of company activities until the end of July 2020 and from 31 August to 25 December 2020, in accordance with the procedures and time limits provided for by the emergency decree.

The intervention of the Cigo Covid-19 was subsequently requested after a one-week break for collective holidays, starting on 4 January 2021 and continued almost without interruption until 31 December 2021, except for two breaks in periods not covered by the Covid safety net.

In 2021, use was made of the Cigo Covid-19 for a total of 4,142.5 hours, involving 40 out of an average of 49 employees in force entitled to wage subsidies.

The failure of the Government to provide further periods of Cigo Covid-19 for the year 2022, despite the continuation of the epidemiological emergency and the contingent market situation, induced CSP to carry out the procedures of information and consultation with trade unions preparatory to the request for the ordinary wage guarantee fund for the production unit of Bergamo and related points of sale, from 3 January 2022 until 26 February 2022, for all 44 workers in force entitled to wage subsidies.

The use of the Ordinary Wage Guarantee Fund was subsequently extended, as per the trade union consultation of 25 February 2022, for a further 5 weeks, starting from 28 February 2022 until 2 April 2022, for employees entitled to wage subsidies.

CSP Paris Fashion Group: during 2021, the French company was not involved in any action plans.

Smart working

Administrative activities have continued to operate during the periods when the company was closed due to the planned suspension of production and commercial activities by means of smart working, in compliance with the regulations in force to protect the health of workers. The use of smart work, which began in March 2020 for all workers with tasks that can be carried out in this way, continued in 2021 and is still in operation until the end of the state of emergency expected to be on 31 March 2022 (unless new provisions are made), in compliance with the provisions of the emergency decrees that have been issued from time to time, with the main aim of ensuring maximum distance between employees and protecting the workers most exposed to the risk of contagion. Smart working has also been a means of reconciling the work commitments of some working parents with the contingent need to care for their children during the periods when school activities are closed. During 2021, smart working, taking into account the period of maximum use of this modality, which coincided with the periods of greatest prevalence of contagion, and the subsequent periods in which it was used mainly to ensure maximum distancing in offices and to protect employees most at risk of contagion, was envisaged for all employees with tasks that could be carried out in this way.

In 2021, as a result of the health crisis, the *CSP Paris* team, wherever possible and depending on the company's activities, carried out their tasks in smart working mode, in compliance with the health protocol imposed by the French Government.

The employees

GRI 102-8 GRI 103-2 GRI 103-3 GRI 401-1 GRI 401-3 GRI 405-1 GRI 405-2

Data pertaining to personnel refers to the consistence of the workforces at the end of the period ("Head Count"). The dynamics of the workforce during the period in assessment continues to feel the impact of the negative trend of the reference market and consequent reorganisation activities along with the adoption of *social safety nets*. For Italy, the terminations in 2020 are mainly due to voluntary departures, while for France they refer to seasonal employees.

Employees per geographical area

As at 31 December 2021, of the 661 employees of CSP, 342 (52%) were employed by the French subsidiary of the CSP Group.

Area	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Italy	240	122	362	221	118	339	208	111	319
France	242	146	388	231	133	364	211	131	342
Total	482	268	750	452	251	703	419	242	661

Employees by type of contract and form of employment

CSP staff employed on 31 December 2021 are mainly engaged on open-ended contracts. In detail the data relating to the last three periods.

The sector in which CSP operates has historically employed a predominance of female staff, which stood at 63% at the end of 2021, a substantially stable indicator over the three-year period. The origin of CSP employees is predominantly local. Women account for 17% of management.

Employees by type of contract

The percentage of employees on fixed-term contracts was not significant at the end of the period (7%), stable compared to the previous year and there were no significant differences at the geographical area level.

Contract/gender	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Open-ended	437	253	690	409	243	652	380	232	612
Fixed-term	45	15	60	43	8	51	39	10	49
Total	482	268	750	452	251	703	419	242	661

Contract/ Geographical area	2019			2020			2021		
	Italy	France	Total	Italy	France	Total	Italy	France	Total
Open-ended	355	335	690	336	316	652	318	294	612
Fixed-term	7	53	60	3	48	51	1	48	49
Total	362	388	750	339	364	703	319	342	661

Employees by form of employment

The application of the agreements reached within the scope of the workforce reduction plan agreed upon with the trade union representatives and with the process workers, has entailed, for a certain number of employees, the conversion of the employment relationship from full-time to part-time. This measure involved in a participated manner all workers in the concerned departments. The percentage of employees with part-time contracts remains at around 20%, in line with Italy and France.

Type of employment / gender	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Full-time job	324	263	587	319	224	563	296	234	530
Part-time job	158	5	163	133	7	140	123	8	131
Total	482	268	750	452	251	703	419	242	661

Type of employment / geographical area	2019			2020			2021		
	Italy	France	Total	Italy	France	Total	Italy	France	Total
Full-time job	279	308	587	255	308	563	237	293	530
Part-time job	83	80	163	84	56	140	82	49	131
Total	362	388	750	339	364	703	319	342	661

As regards company benefits, there is no discrimination between full-time and part-time employees, the only difference being that the latter category benefit in a proportional manner to their respective work schedule.

Diversity and equal opportunity

Employees by qualification / gender

	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Executives-Managers	4	11	15	3	10	13	2	10	12
Managers - White collars	302	163	465	287	158	444	269	151	420
Blue-collars	176	94	270	162	83	246	148	81	229
Total	482	268	750	452	251	703	419	242	661

Employees by age groups/gender

Age groups (years)	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Up to 30	27	8	35	23	8	31	19	14	33
From 30 to 50	203	66	269	166	57	223	150	50	200
Over 50	252	194	446	263	186	449	250	178	428
Total	482	268	750	452	251	703	419	242	661

Data for 2021 confirm the trend of a progressive *ageing* of the company's workforce, with a percentage of employees over 50 approaching 65%, while the percentage of employees under 30 falls below 5%, highlighting the difficulty of a generational turnover, made difficult

by market trends. Over the last few years, the 'age pyramid' and the reduced turnover of employees hired on open-ended contracts have, however, made it possible to contain the measures to reduce the workforce ('collective redundancies').

% diversity by age / gender									
	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Up to 30	3.6%	1.1%	4.7%	3.3%	1.1%	4.4%	2.9%	2.1%	5.0%
from 30 to 50	27.1%	8.8%	35.9%	23.6%	8.1%	31.7%	22.7%	7.6%	30.3%
Over 50	33.6%	25.9%	59.5%	37.4%	26.5%	63.9%	37.8%	26.9%	64.8%
Total	64.3%	35.7%	100.0%	64.3%	35.7%	100.0%	63.4%	36.6%	100%

The relationship between salaries and gender

Indicators shown in the following table show the ratio between women's and men's average per capita salary for the different categories of employees.

Salary ratio	2019		2020		2021	
	Italy	France	Italy	France	Italy	France
Executives	78%	-	77%	-	79%	-
Managers - White-collars	87%	69%	87%	69%	89%	78%
Blue-collars	87%	111%	87%	97%	87%	103%

For both Italy and France, the figure shown compares the **fixed component** of the remuneration, which can better expresses said ratio. Job description being equal, the contractual and remuneration level provided for by the National Collective Labour Agreement (CCNL) for the sector is applied, in full compliance with gender equality. The remunerations are then obviously adjusted based on seniority at the company and on the type of activities carried out.

Advance notice management - As regards changes in contractual conditions which are relevant for the employees, the company generally complies with the time frames provided for by the National Collective Labour Contract (CCNL).

Parental leaves

Please find below the data pertaining to parental leaves, an institution provided for by current legislation, which concerned a total number of 48 employees of the CSP Group during 2021. At the end of the period, most employees regularly returned to their job.

Parental leaves	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Italy	23	9	32	32	14	46	33	21	54
France	3	-	3	1	1	2	3	1	4
Total	26	9	35	33	15	48	36	22	58
Returned to work at the end of the period	21	7	28	25	10	35	15	16	31
Returned and remained after 12 months from return	18	7	25	24	9	33	1	1	2

The indicators show a phenomenon that still concerns the female gender and that has mainly affected Italy.

The turnover

Employee hires Age groups	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Up to 30	89	4	93	55	6	61	43	10	53
From 30 to 50	40	9	49	28	19	47	38	14	52
Over 50	30	13	43	38	8	46	33	13	46
Total	159	26	185	121	33	154	114	37	151

The **recruitment** figure for 2021 is largely attributable to the subsidiary CSP Paris (147 recruitments compared to 4 in Italy). This figure also relates, as in previous periods, and to a large extent, to the employee hires of **collaborators according to short-term contractual forms**. These employees hold sales functions, such as 'demonstrators', during sales campaigns and seasonal sales at the large-scale retail trade. At the end of the contract, the collaboration relationship is formally terminated and is included in the termination figure in the following table. This circumstance is also evident from the dynamics of outgoing personnel:

Terminations - Age groups	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Up to 30	94	2	96	62	11	73	51	9	60
From 30 to 50	50	12	62	35	13	48	34	14	48
Over 50	60	24	84	54	26	80	62	23	85
Total	204	38	242	151	50	201	147	46	193

Terminations - By gender	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Voluntary resignations	23	5	28	21	5	26	12	5	17
Retirement	14	8	22	14	4	18	13	11	24
Resignations	6	4	10	1	3	4	4	2	6
Other (fixed-term contracts)	161	21	182	115	38	153	118	28	146
Total	204	38	242	151	50	201	147	46	193

The turnover rate is calculated by comparing the "net" balance between recruitments and resignations of Group employees with the number of employees at the end of the previous period. This approach makes it possible to normalise the dynamics and effects of the French subsidiary's seasonal recruitment. In 2021, the net turnover index was **negative by 6.0%** (of net reduction of the overall workforce).

Turnover rate %	2019			2020			2021		
	Italy	France	Total	Italy	France	Total	Italy	France	Total
Employee hires	7	178	185	3	151	154	4	147	151
Resignation	(38)	(204)	(242)	(26)	(175)	(201)	(24)	(169)	(193)
Net increase (decrease)	(31)	(26)	(57)	(23)	(24)	(47)	(20)	(22)	(42)
Employees end of previous period	393	414	807	362	388	750	339	364	703
Turnover Rate	(7.9%)	(6.3%)	(7.1%)	(6.4%)	(6.2%)	(6.3%)	(5.9%)	(6.0%)	(6.0%)

Training

GRI 404-1

Training policies

Aware that professionalism is a value that is acquired through practice and experience and specific training, CSP recognises the decisive contribution that this process receives from more senior professionals and promotes the transfer of their knowledge and professional attitude to younger staff. CSP pursues the enhancement of professionalism, promotes the aspirations of individuals, their expectations of learning, professional and personal growth.

Performance appraisal and career development

Taking into account the adopted control and governance model, as well as the organisation's scales, the CSP Group for the time being did not deem it necessary to implement, for all employees, formalised programs for performance appraisal and career development, with the exception of some executives and managers (MBO – Management by Objectives). The evaluation of the employees' performance is managed according to the operating practice.

A formalised evaluation methodology is envisaged at the French subsidiary (CSP Paris Fashion Group): this process involves the function managers and their 'first-line' staff (direct subordinates). In 2020, an incentive agreement was signed that allows CSP Paris employees to receive a bonus tied to the company's performance in relation to a certain threshold.

Commitment

Just like in the previous years, training involved CSP's personnel across the entire organisation, according to a rotational training plan.

Italy

Average training hours	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Executives	5.4	5.2	5.3	10.8	9.8	10.1	6.6	9.9	9.1
Managers - white collars	5.1	9.4	6.6	2.9	6.9	4.4	7.9	10.7	9.0
Blue-collars	8.8	11.3	9.6	1.6	5.1	2.6	1.6	2.0	1.7
Total	6.9	9.9	8.0	2.3	6.3	3.7	4.8	7.3	5.7

¹ For the calculation of the average personnel training rate, the average number of employees in force for the period of 2021 was considered to be the denominator. This figure does not differ significantly from the one of the number of employees in force at the end of the period.

The significant decrease in average training hours in 2020 is due on the one hand to the impediments created by the Covid-19 pandemic and on the other hand to the different periodicity associated with the various training actions (for example, in 2019 almost all staff received the five-yearly update of the specific training for safety under the State and Regions Agreement no. 221/2011).

France

Average training hours	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Executives	-	-	-	-	-	-	-	-	-
Managers - white collars	3.7	7.8	5.2	2.0	6.8	3.6	4.2	11.8	6.9
Blue-collars	2.4	2.7	2.5	0.1	2.1	0.9	5.0	8.0	6.4
Total	3.4	6.0	4.4	1.6	5.4	3.0	4.4	10.3	6.7

Occupational health and safety

GRI 103-2 GRI 103-3 GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-8 GRI 403-9

Occupational health and safety

The Group guarantees working conditions that are respectful of individual dignity and safe and healthy environments, in compliance with regulations on accident-prevention and on occupational health and hygiene currently in force. CSP strongly promotes the spread of a culture of safety and the awareness of risks associated with the work activities carried out, asking everyone, at all levels, to behave in a manner that is responsible and respectful of the safety system in place and of all the company procedures that form integral part of this system. With this in mind, all employees, collaborators and anyone who works, for any reason, at the Group's offices and production facilities is required to personally contribute to maintaining the safety and quality of the work environment in which they operate, in strict compliance with the implemented safety system and with all company procedures which are part of said system.

CSP commits itself:

- to carry out safe activities for the purpose of protecting the health of the Company's employees and of the communities where its facilities operate, adapting its operational strategies to compliance with the Company policy on the subject of safety, health and the environment;
- to ensure training and information of all those who work at the offices and production facilities owned by the Company, on the risks associated with safety to which they may be exposed from time to time, guaranteeing them the Personal Protective Equipment and means required by the regulations in force in connection with the type of activity carried out;
- to periodically review and continuously monitor the performance and efficiency of its system intended to control safety-related risks, in order to keep the workplaces safe so as to protect the physical integrity of its personnel and attain the continuous improvement objectives set by CSP on the subject of safety, health and the environment.

With regard to reporting in this NFS, the standard GRI 403 **Occupational Health and Safety** ("Occupational Injuries and Diseases") used for the reporting of topics pertaining to occupational health and safety, was updated during the course of 2018 by the GRI – Global Reporting Initiative. For purpose of this document, reference is made to the 2018 version of GRI 403, which is the last updated version available.

The commitment towards occupational health and safety represents an important aspect for CSP. For this reason, and to go beyond mere legal compliance, an occupational health and safety management system has been implemented, maintained and improved since 2014. The management system was first certified in 2014 to the OHSAS 18001:2007 standard and in 2019 the transition to the ISO 45001:2018 standard was completed and the relevant certification acquired.

A Management System Manager has been appointed who is responsible for maintaining the implemented management system active and effective, including operational control and updating it, and for reporting to the Top Management Representative on performance achieved and areas for improvement. A Top Management Representative has been appointed within the Board of Directors who has the authority to ensure that each and every requirement of the CSP management system is applied and enforced to all personnel or functions within the organisation.

The management system covers all processes, all employees and all Italian sites of the organisation. Although the management system is concretely applied to the points of sale, including their processes and workers, the employees of the points of sale are not covered by the scope of certification. The management system does not extend to non-employees working at CSP sites, due to the fact that their employer is legally responsible for their health and safety.

However, for their protection and that of CSP's employees, all the provisions arising from the interference risk assessment, drawn up jointly by CSP and their employer, are implemented. They also regularly participate in emergency management drills.

Risk identification and assessment

With regard to hazard identification, risk assessment and accident investigation, Leg. Decree no. 81/08 and related standards regulate in detail responsibilities, activities and deadlines. In addition to the legal requirements, the procedures of the occupational health and safety management system also apply. In this context:

- the mandatory legal requirements applicable in the organization are identified;
- information is collected in the field (operational control);
- non-conformities (whether accidents, injuries or near misses) are recorded and dealt with;
- preventive actions are taken as suggested by the analysis of the results of operational control and of non-conformities found.

Occupational health services

In compliance with the provisions of Leg. Decree no. 81/08, a health surveillance service is set up to monitor the health status of employees and to express a judgement of suitability for the specific task to which the employee is assigned. Health surveillance is carried out by the Occupational Physician, appointed by the employer. The appointment of the Occupational Physician is limited to CSP employees, while the health surveillance of workers who are not employees of CSP but who work in places under the responsibility of CSP, is entrusted, by law, to the Occupational Physician appointed by their Employer. The confidentiality of employee health information is guaranteed in accordance with the requirements of the GDPR and Italian implementing legislation. Moreover, in application of the national contract for the textile sector, CSP has made a supplementary health care plan available to its employees, with costs paid by the Company.

Health and safety training and communication

All CSP employees are trained in occupational health and safety, according to their tasks, in accordance with the requirements and deadlines laid down by the regulation. The RSPP is responsible for planning the training. The training is provided by the company during working hours using the services of specialised consultancy firms. Learning tests are normally carried out at the end of each training session. Emergency management drills are also regularly conducted.

Workers' consultation and participation in occupational health and safety is carried out through the Workers' Safety Representatives (RLS). They are identified by the workers themselves from among the members of Trade Union Representatives, are consulted on risk assessment, and participate in the annual safety meeting and other meetings called by the RSPP. Direct worker participation is also encouraged. Reports and suggestions are recorded and dealt with by the RSPP. Every year, the RSPP calls a Meeting on Safety, attended by the Employer, the Occupational Physician and the Workers' Representatives.

Prevention and mitigation of health and safety impacts

CSP requires suppliers of goods and services to formally accept the Company's Code of Ethics as an integral and substantial part of the relationship and to avoid any behaviour contrary to it. The Code of Ethics expressly refers to clauses concerning occupational health and safety. In order to prevent and mitigate negative impacts on the health and safety of workers who are not under its direct control and who do not work in places under its control, CSP gives priority to qualified suppliers with consolidated experience in carrying out the goods and services requested.

The Head of the Prevention and Protection Service (RSPP) - Work plan and improvement measures

In accordance with the provisions of Leg. Decree no. 81/2008, CSP has appointed as Head of the Prevention and Protection Service (RSPP) an employee of the Group for the production facilities of Ceresara and Carpi and an external consultant for the production facility in Bergamo. These figures deal with safety management in the workplaces and handles the relationships with the various control and certification agencies and bodies. They also coordinate with the workers representatives as to safety and with the Directors.

As part of the policy on the subject of health and safety, the Risk Assessment Document (DVR) has been drawn up. This document identifies the specific factors of potential risks relative such operating reference areas. Moreover, a document is periodically drawn up and updated which contains the work plan and the improvement measures (Improvement Plan).

For CSP Paris the position of safety manager is currently covered by the Production Manager.

Trade union representatives, occupational health and safety

The topics pertaining to the health and safety areas are referenced in the supplementary company agreements and meetings are periodically held by the RSPP, the minutes of which are shared with and signed by the trade union representatives. Specific trade union agreements are then defined and signed for the presentation to Fondimpresa and Fondirigenti of company training plans, which include training sessions on occupational safety. French regulations require a specific internal Safety Environment Committee, of which the employees' representatives form integral part (Plant Director, in addition to personnel representatives).

The response to the COVID-19 pandemic

The risk of contagion of the coronavirus is an exogenous risk, pursuant to the scope of the activities carried out by CSP and documented in the Risk Assessment Document: it is a biological risk which is not directly connected to CSP's own activities. In this sense, and also taking into account the guidelines provided by the health authorities, the risk of COVID-19 for CSP employees overlaps that of the general population. It is a generic risk and should therefore be applied and respected:

- all prevention and protection provisions established by national and regional authorities, valid for the entire population in order to contain the spread of the virus;
- the specific provisions for work activities issued by the authority.

In relation to the obligation to possess and show the green pass to access workplaces, these were the actions taken, in cooperation with the HR Department:

- drafting and dissemination on 12/10/2021 of two information sheets on green-pass obligations, addressed to employees and suppliers (who may need to access the company) respectively;
- drafting and sharing with the members of the Covid Committee the procedure for verifying green passes;
- formal identification by the LMD of persons in charge of verifying the green pass;
- dissemination to all staff of the green-pass verification procedure and display of signs;
- control planning, extended to 31/03/22, the current end of the emergency period.

In its operational management, CSP has maintained the policy it has already adopted, oriented towards maximum prudence and health protection. In this sense, actions continued in relation to:

1. risk assessment, concerning: workers' health and safety; regulatory compliance; business continuity;
2. updating of the risk assessment document for workers' health and safety;
3. continuous monitoring and punctual application of national and regional legislation issued to combat the epidemic;

4. engagement of internal and external resources having the necessary skills (Occupational Physician, RSPP, Human Resources Department) and establishment of a working group, which is still active, which collects the necessary information, shares it, interprets it and translates it into operational guidelines for management;
5. establishment of a committee for the application and verification of the rules of the protocol, pursuant to Article 13 of the protocol shared between the social partners on 24/04/2020 and Article 1 of the fashion sector protocol of 15/04/2020; the Committee includes the Head of Human Resources, the Head of the Prevention and Protection Service, the Occupational Physician, the Plant Managers, the workers' safety representatives and the Trade Union Representatives;
6. sharing operational solutions and organisational decisions with trade union representatives;
7. timely communication to all staff of measures taken by the authorities and the company;
8. immediate implementation of smart working for all staff whose duties/activities are compatible with this working method;
9. finding personal protection equipment needed to protect against contagion and building up an adequate stock;
10. adopting an anti-contagion protocol to be applied for the protection of workers, which is constantly updated on the basis of new knowledge and new regulatory provisions;
11. widespread dissemination to employees of the anti-contagion protocol and application of dedicated signals in all workplaces;
12. tracking of close (internal) contacts of employees who have tested positive for the coronavirus, in close contact with the Occupational Physician and the Health Authorities;
13. periodic and additional sanitisation of workplaces in the event of suspected contamination;
14. strengthening health surveillance, in particular to identify and manage 'fragile subjects' to be protected.
15. adopting and updating the green-pass verification procedure.

Accidents

Italy	2019	2020	2021
Number of accidents at work (Others)	3	4	2
Total hours worked	558,890	405,331	394,382
Accident Frequency Index	5.37	9.87	5.07
(no accidents / hours worked) x 1,000,000			

Accidents 2019: 1 accident ongoing 2020- 2 accidents ongoing - 2021 1 accident pending validation by the Social Security Service (INPS). Accident data do not include data on accidents occurring ongoing since they are not organized by the company.

The trend of the 2020 frequency index is strongly influenced by the reduction of hours worked, due to lock down because of the Covid-19 pandemic.

France	2019	2020	2021
Number of accidents at work (Others)	19	9	6
Total hours worked	581,647	560,059	533,514
Accident Frequency Index	32.67	16.07	11.25
(no accidents / hours worked) x 1,000,000			

The accidents occurred in 2021 mainly concerned situations that could be classified as accidents without serious consequences. Therefore, the above indexes relate to these cases.

Accidents - Non-Employees

A truly sustainable company must also monitor its health and safety impacts on those who are not directly employed. Below is the data relating to accidents occurring to all those individuals who, although not employees of CSP, work in the latter's premises and/or under its control, within the limits imposed by current legislation on hetero management.

Specifically, only accidents occurring to employees of suppliers identified as the most significant and representative are reported. For Italy, a logistics service company in the finished product warehouse at the Ceresara site was taken into consideration.

As regards the French subsidiary, two suppliers were taken into consideration: a company in charge of cleaning various buildings belonging to CSP Paris and a so-called work integration company for disabled persons, mainly assigned to the assembly of promotional displays or maintenance of green areas. For the French companies, no accidents occurred in 2021.

Italy	2020	2021	2020	2021
	Company A		Company B	
Number of accidents at work (Others)	23	-	-	-
Total hours worked	13,677	10,896	3174	4033
Accident Frequency Index (no accidents / hours worked) x 1,000,000	146.23	-	-	-

3 Accidents 2020: 1 accident ongoing - The above data refer to the Ceresara site only.

The work environment and health

At the CSP Group level, there are no situations, circumstances or working processes such as to deem possible the existence of particular and significant risks of impact of transmissible diseases or serious occupational diseases that may arise in connection with the activities carried out by the Group's employees. During the course of the year 2021 no cases of diseases classified as being of an occupational nature were recorded.

06

THE ENVIRONMENT



06 THE ENVIRONMENT

Environmental protection and use of natural resources

GRI 103-2 GRI 103-3

CSP has adopted a specific environmental and safety policy, that is intended to provide evidence of CSP's awareness of the need to limit the impact of each company's activities on the environment to ensure the sustainability of the organisation.

CSP particularly commits itself:

- to monitor **consumption of resources**, energy, quantity of produced waste and improvement in the relative management;
- identify strategies for reducing the consumption of resources or for their reuse;
- presenting an increasingly environmentally friendly **product offer**, adopting the best available technologies that are economically compatible.

The Code of Ethics indicates the principles of respect and protection of the environment. In fact, CSP deems of primary importance the protection of the environment and the sustainable development of the territory in which it operates, in consideration of the rights of the local community and of future generations. CSP is committed, and expects its subsidiaries to do the same, to consider, within the scope of operations and business initiatives, the unavoidable environmental needs and to minimise the negative impact that its company activities have on the environment. To this end, CSP, fully complying with environmental regulations in force, pays special attention to the following aspects:

- promotion of **activities and processes** that are as compatible as possible with the environment, through the use of criteria and advanced technologies aimed at environmental protection, energy efficiency and sustainable use of the resources;
- assessment of the **environmental impacts** of all company activities and processes;
- **collaboration with internal Stakeholders** (e.g., employees) and external Stakeholders (e.g., Institutions), in order to optimise the management of environmental problems;
- pursuit of environmental **protection standards** through the implementation of suitable management and monitoring systems.

The investments in research and development on new products meet the market and strategy needs with the aim of enhancing CSP's competitive positioning and economic and financial performance. The same investments also meet environmental sustainability objectives, such as the principles of the circular economy and reduction of the environmental impact (reuse of production waste, regeneration of products, reduction in the consumption of water resources and energy).

Responsible use of resources

GRI 303-1 GRI 303-2 GRI 303-3 GRI 306-1 GRI 306-2 GRI 306-3 GRI 306-4 GRI 306-5

Water resource

The reporting standard relative to water resources (GRI 303) was updated in 2018 by the Global Reporting Initiative for the purpose of introducing the *best practice* in water management in the reporting practice. The standard is consistent with the SDGs /Sustainable Development Goals of the United Nations 2030 Agenda, in particular Goal 6, which deals with the problems of drinking water, of hygienic-plumbing services and of hygiene, as well as the quality and sustainability of water resources throughout the world. The standard introduces a framework for the collection of information on the use of water of an organisation, on the associated impacts and on how to deal with them. Another objective is to gain a better understanding of the impacts on fresh water resources, in particular in areas classified as "water stress" areas.

Water withdrawal policies – shared resource

Withdrawal sources - Within the scope of an environmental policy based on responsible consumption of resources, withdrawals of water sources have been scheduled by CSP according to an impact reduction logic. As for the other production units:

- Ceresara (MN) - (headquarters and dyeing plant): the main source of supply refers to a number of different wells, from which the water required for production processes is drawn;
- Carpi (MO) and Bergamo: the use of water mainly refers to hygiene and sanitising purposes and to a lesser extent for production processes. The water resource used is supplied by the public aqueduct network.
- France: French production units guarantee the supply mainly from surface water sources.

Water stress - The term water stress refers to the ability or inability to meet the demand for water, both for humans and the ecosystems as a whole. Water stress can refer to the availability, quality or accessibility of the water. The instrument used for the assessment of the water stress areas made reference to the Aqueduct Water Risk Atlas wri.org/aqueduct of the World Resources Institute.

The production units are located in areas which have no significant water stress related problems (classified as low) and the use by CSP for its industrial processes has no important impact on the availability of water for the reference territory.

Water withdrawal

As required by GRI 303-3, the withdrawals data are reported in Mega Litres (1 cubic meter = 0.001 Mega Litres). The table also shows the withdrawals in relation to the characteristics of the water, which is divided into: a) fresh water, i.e. water with a concentration of total dissolved solids equal to or lower than 1,000 mg/l or b) other types of water with a concentration of total dissolved solids higher than 1,000 mg/l.

Water withdrawals per source (ML - Mega Litres) ¹	2019		2020		2021	
	Total	Water stress areas	Total	Water stress areas	Total	Water stress areas
Surface water						
fresh water	22	-	19	-	23	-
other types of water	-	-	-	-	-	-
	22	-	19	-	23	-
Underground water /Wells						
fresh water	237	-	203	-	137	-
other types of water	-	-	3	-	-	-
	237	-	206	-	137	-
	-	-	-	-	-	-
Third-party water resources / Municipal waterworks						
fresh water	11	-	9	-	11	-
other types of water	-	-	-	-	-	-
	11	-	9	-	11	-
Total	270	-	234	-	171	-
% water drawn from wells	88%		88%	-	80%	-

¹ The definition of fresh water / other types of water, adopted by GRI Standards, is based on ISO 14046:2014 standard and the USGS (United States Geological Survey) document, Water Science Glossary of Terms, water.usgs.gov/edu/dictionary.html, (access 1 June 2018) and the OMS (World Health Organization) Guidelines for Drinking-water Quality of 2017.

Water discharges

Most of CSP's water drains flow into surface water bodies. Taking into account the characteristics of the production processes, the percentage of water used up, or retained inside the products, is not significant. Discharges are regularly authorised. Discharges into surface water bodies from Italian sites comply with the pertinent limits set by Leg. Decree 152/2006.

Production unit	Discharges
Ceresara - Headquarters	Domestic type waste is treated in two biological purification systems before flowing into surface water bodies. The water used in air conditioning/chilling systems also ends up in surface water bodies.
Ceresara - Dyeing	All discharges are treated in a biological purification plant and subsequently discharged into surface water bodies.
Carpi - Lepel	All discharges are conveyed into a public sewer system.
Bergamo - Perofil	All discharges are conveyed into a public sewer system.
France	Water used for production processes (dyeing) is discharged into a settling tank where it cools down, then conveyed (dedicated piping) to a municipal sewage treatment plant. CSP commits itself to discharge water at a temperature below 40° and with a pH value between 6 and 8.

It should be noted that the competent Authority excluded, with its own act, the sewage treatment plant at the Ceresara (Dyeing plant) site from the Environmental Impact Assessment (EIA) procedure, pursuant to Legislative Decree no. 152/06. In fact, the wide-ranging and in-depth investigation of the procedure for assessing whether the plant is subject to the EIA has ruled out the possibility of the plant causing significant negative environmental impacts and the consequent effects on the atmosphere, surface water, groundwater and subsoil, soil, acoustic climate, waste, resources, biodiversity, odours, public health, landscape and roads/traffic.

CSP Paris - Le Vigan's dyeing discharges

In 2019 CSP Paris put in place an action plan at the Le Vigan plant (France) dedicated to the adaptation of the discharging of waste water output by the dyeing process, as regards to certain indicators (in particular chromium). This plan is a consequence of the introduction of new EU thresholds. The objectives of the project were to ensure the alignment of the parameters with applicable EU legislation and OEKO-TEX standards, whilst ensuring maximum quality of the dyeing process with no significant increase in costs. The solution chosen to achieve these objectives was to use two chromium free dyes, with consequent adaptation of the product dyeing process. The measurement of discharge parameters carried out from January 2019 highlight a marked improvement and compliance with the thresholds in force.

Waste production and management along the value chain

Waste management, collection and disposal is an important issue for CSP. In this regard, see the Environmental Policy **Protection of the Environment and Use of Natural Resources** referred to at the beginning of this chapter. The policies implemented by CSP, fully compliant with the regulations in force, require that the waste be systematically reclaimed. **During the three-year period 2019-2021, the percentage of waste destined for recovery has reached 73% (48% in 2019) and, at the same time, hazardous waste represents a very limited percentage of the total (1.2% in 2021).** The impacts on waste generation in CSP's supply chain can be considered similar to those of CSP: textile scraps and packaging materials, residues from dyeing and product washing processes, chemicals. Downstream of CSP's production and distribution processes, waste generation concerns materials such as packaging and the end-of-life of finished products used by final consumers.

Dyeing - Sludge production

Particular importance is given to the purification of wastewater from the dyeing process and the related production of sludge, which undergoes a dehydration process directly at the CSP purification plant at the Ceresara production unit (Dyeing). Dehydrated sludge is taken to an authorised landfill. The French plant uses a settling tank prior to the taking the waste to the municipal purification plant.

A significant portion of CSP's waste comes from production and warehousing activities, which consist, in the first place, in packaging material (paper, cardboard and plastic) managed through a differentiated collections system.

Quantities of generated waste and its destination

The waste directly produced by CSP is largely non-hazardous. In addition to sludge from the treatment of wastewater from the dyeing process, it also includes processing waste (textile fibres) and, above all, packaging.

Waste category (Kg)	2019			2020			2021		
	Recovery	Disposal	Total	Recovery	Disposal	Total	Recovery	Disposal	Total
Mineral oil waste, emulsions, filtering and absorbing materials	1,190	-	1,190	1,660	-	1,660	3,720	1,088	4,808
Washing liquids (dyeing processes)	-	33,996	33,996	-	115	115	-	240	240
Packaging containing dangerous substances	-	-	-	-	3,120	3,120	2,000	202	2,202
Others (batteries - equipment)	-	-	-	838	-	838	1,043	-	1,043
Total hazardous waste	1,190	33,996	35,186	2,498	3,235	5,733	6,763	1,530	8,293
Sludge from biological treatment of industrial waste water	-	76,980	76,980	-	123,500	123,500	-	76,170	76,170
Processed textile fibres	31,734	-	31,734	23,846	-	23,846	25,736	-	25,736
Paper/cardboard - wood packing	199,620	175,800	375,420	166,190	165,380	331,570	345,260	-	345,260
Other packings - iron and steel	148,997	119,560	268,557	103,225	108,340	211,565	121,128	106,420	227,548
Others (equipment - toner)	930	-	930	267	-	267	1,805	-	1,805
Total non-hazardous waste	381,281	372,340	753,621	293,528	397,220	690,748	493,929	182,590	676,519
Total waste	382,471	406,336	788,807	296,026	400,455	696,481	500,692	184,120	684,812
Percentage of waste destined for recovery			48%			43%			73%

For the quantities of waste produced, the relevant recovery or disposal methods are indicated below.

Waste Recovery (Kg)	2019			2020			2021		
	On site	External site	Total	On site	External site	Total	On site	External site	Total
Preparing for recycling	-	1,190	1,190	-	2,498	2,498	-	785	785
Recycling	-	-	-	-	-	-	-	5,978	5,978
Hazardous waste	-	1,190	1,190	-	2,498	2,498	-	6,763	6,763
Preparing for recycling	-	365,141	365,141	-	285,008	285,008	-	265,183	265,183
Recycling	-	16,140	16,140	-	8,520	8,520	-	228,746	228,746
Non-hazardous waste	-	381,281	381,281	-	293,528	293,528	-	493,929	493,929
Total	-	382,471	382,471	-	296,026	296,026	-	500,692	500,692

Waste - Disposal (Kg)	2019			2020			2021		
	On site	External site	Total	On site	External site	Total	On site	External site	Total
Incineration (with energy recovery)	-	-	-	-	-	-	-	1,290	1,290
Landfill	-	33,996	33,996	-	3,235	3,235	-	240	240
Hazardous waste	-	33,996	33,996	-	3,235	3,235	-	1,530	1,530
Landfill	-	295,360	295,360	-	273,720	273,720	-	106,420	106,420
Other disposal operation	-	76,980	76,980	-	123,500	123,500	-	76,170	76,170
Non-hazardous waste	-	372,340	372,340	-	397,220	397,220	-	182,590	182,590
Total	-	406,336	406,336	-	400,455	400,455	-	184,120	184,120

Energy, emissions and climate change

I GRI 302-1 GRI 302-3 GRI 305-1 GRI 305-2 GRI 305-4

The European Union and the TCFD recommendations

The European Commission's Communication "Guidelines on the disclosure of non-financial information: Supplement concerning climate-related reporting (2019/C 209/01) is a supplement to the guidelines issued by the Commission itself in 2017 for non-financial reporting under EU Directive 95/2014. This Communication contains the (non-binding) guidelines for the information to be provided by companies as regards to climate change, by integrating the recommendations of the Task Force on Climate-Related Financial Disclosures - TCFD of the Financial Stability Board.

The CSP reporting system

CSP's current climate change reporting system has not been further developed compared to the previous period.

Areas	CSP's Disclosure
Scenarios, Risks and opportunities (business model)	<p>The main risks associated with climate change relate to market aspects: the effects of climate change affect consumers' habits, needs and choices. The hosiery market, in particular, has felt the negative effects, in a significant manner, of this factor which concerned, in particular, sales during autumn and winter seasons.</p> <p>The management of these risks by CSP (see Chapter 01 <i>CSP Sustainability and Strategy</i>), for their financial impact, is based on actions to rationalise costs, make the product range more efficient and improve profitability linked to the process digitalisation. CSP intends to focus its resources on investment in research and development, among the other drivers of the Strategic Plan.</p> <p>CSP has not developed specific medium-long term scenarios that quantify the resilience and the economic-financial effects of an increase in temperatures below or equal to 2°C and a scenario with an increase of over 2°C (20). [TCFD Recommendation, strategy c)]</p>
Governance – Policies	<p>CSP's governance of environmental aspects assigns the CEO (Carlo Bertoni) the task of maintaining the internal control and risk management system, also as Management Representative for the Integrated Environment and Safety Management System.</p> <p>The Board of Directors has set up an internal Control, Risk and Sustainability Committee and an Appointment and Remuneration Committee.</p> <p>As part of the integrated management system, CSP adopts an Environment and Safety Policy.</p>
Target	<p>Since 2020, CSP (for the Italian sites) has been purchasing electricity produced from renewable sources (contracts with Guarantee of Origin). This choice has led to a significant reduction in GHG (Greenhouse Gas) emissions.</p> <p>No specific targets for further interventions aimed at reducing energy consumption and emissions have been established at present.</p> <p>Projects being evaluated - Research and development activities of new products and processes also aim to reduce energy consumption and raw materials in general. A technical-economic feasibility study is being carried out for a photovoltaic plant to be installed at the Ceresara site (Headquarters).</p>

Areas	CSP's Disclosure
Performance – Indicators and Measurement	<p>CSP's current reporting system, in addition to energy consumptions, already provides information on direct and indirect emissions (GHG Scope 1 and Scope 2), together with the intensity indicator of the emissions. In particular, the following are reported:</p> <ul style="list-style-type: none"> ▪ Energy consumption: direct GRI 302-1 ▪ Direct and indirect emissions (GHG Scope 1 and Scope 2) GRI 305-1 GRI 305-2 ▪ Energy intensity and emissions indexes GRI 302-3 GRI 305-4 <p>The main data relating to indirect emissions (GHG Scope 3) concern production processes in the supply chain (primarily subcontractors) and those originating from logistics activities. These data are not yet available to CSP.</p> <p>CSP is also well aware that the data relating to indirect emissions, upstream and downstream of its production and distribution process, arising from the consumption of energy sources which are not under the direct control of CSP, and represent useful information for better understanding of their environmental impacts.</p>

Energy

Energy consumption

Energy consumption during 2021 was influenced by production trends and, indirectly, by the Covid-19 pandemic. Gas consumption is in part tied to the production trend, if used during the dyeing process, while the rest is related to climate trends, if used to heat the work premises. CSP has also implemented, in recent years and in accordance with its environmental policy, measures to contain consumption by regulating and controlling temperatures in the workplace. The share of renewable energy in total consumption reached 21.74% (57.95% of electricity consumption).

Energy consumption GJoule	2019 ¹	2020 ¹	2021
Electricity			
Electricity purchased	45,727	16,059	17,257
Electricity purchased with Guarantee of Origin contracts	-	23,660	23,783
Energy produced from photovoltaic plant	429	-	-
Total	46,156	39,719	41,040
of which from renewable sources	429	23,660	23,783
Transport fuel			
Diesel	11,554	7,607	7,589
Petrol	175	137	306
Total	11,729	7,744	7,894
Methane	68,443	61,815	60,462
Total energy consumption - GJ	126,329	109,279	109,396
of which from renewable sources	429	23,660	23,783
Renewable energy incidence	0.34%	21.65%	21.74%

¹ The energy consumption values for 2019 and 2020 have been adjusted to a negligible extent for the following reasons: a) updating of the methane smc/GJoule conversion criteria; b) receipt of electricity consumption adjustment invoices. The total energy consumption reported in the 2020 NFS was as follows: 2019: GJoule 126,977 / 2020: GJoule 109,565.

Since 2020, the Parent Company CSP International has signed a contract with its electricity supplier that provides for the Group's Italian plants (Ceresara and Carpi) to supply electricity with a Guarantee of Origin (GO), an electronic certification attesting to the renewable origin of the sources used to produce electricity.

CSP has not defined time and methods for the data collection process to include indirect energy consumption, which is mainly tied to outsourcing/subcontractors processing cycles and to distribution and logistics network, currently not included in the reporting perimeter.

Intensity of energy consumption

Please find below the measurement indicators of energy intensity for the various industrial facilities. These indicators were calculated according to technical parameters used internally for monitoring the consumption trend and for evaluating the energy efficiency programs.

Energy intensity	Unit	2019	2020	2021
Energy consumption	GJ	126,329	109,279	109,396
Man - hours worked ¹	h	1,092,736	938,836	901,971
Intensity index	MJ/h	115,61	116.40	121.29
Energy intensity		2019	2020	2021
Energy consumption	GJ	126,329	109,279	109,396
Products sold	No.	45,756,464	35,389,661	34,901,594
Intensity index	MJ/Nr	2.76	3.09	3.13

¹ Hours worked referring to production plants and other sites except shops, consistent with the consumption figure expressed in MJ in the table.

The absolute values of the indexes reflect the respective production model. In this regard, it should be noted that the quantities invoiced by CSP Paris (France) include the quantities purchased by the parent company.

Objectives and projects aimed at reducing energy consumption

Completed projects- For its Ceresara HQ, CSP has completed three initiatives aimed at reduced consumption: a) replacing neon lamps with LED fixtures, b) adjusting the temperature in the various rooms, c) revamping a steam generator. During the previous periods, at the CSP Ceresara (2000-2010) and CSP Paris Fashion Group (2014) production facilities, two systems were installed for heat recovery using waste water from the production system. The investment allows a savings in natural gas consumption that has been estimated to be about 30%.

Projects being evaluated - Research and development activities of new products and processes also aim to reduce energy consumption and raw materials in general. A technical-economic feasibility study is being carried out for a photovoltaic plant to be installed at the Ceresara site (Headquarters).

Emissions

Direct emissions: GHG Scope 1 - Scope 2: the emissions value is stated in tons of carbon dioxide equivalent (t CO₂e). The tables show the data on direct emissions (Scope 1 GHG – GreenHouse Gas), along with the indirect emissions associated with consumption of electricity purchased from the network (GHG Scope 2). The presented quantitative data, calculated on the basis of estimates, mainly derive from the conversion of the consumed quantities of natural gas and of purchased electricity.

As highlighted in the comment on energy consumption, starting from 2020, the electricity used for the Group's Italian production facilities (Ceresara and Carpi), comes from renewable sources, thanks to the specific supply contract with Guarantee of Origin (GO), an electronic certification that certifies the renewable origin of the sources used to produce electricity. Consequently, CSP calculates indirect emissions from electricity consumption (GHG - Scope 2) using two distinct approaches:

- The **market-based** method, which requires determining GHG - Scope 2 emissions from electricity purchases by considering specific emission factors reported by suppliers. For purchases of electricity from renewable sources, an emission factor of tCO₂e zero is attributed.

If no specific contractual agreements have been defined for all Group companies, this approach requires the use of the national "residual mix" emission factors, where technically applicable.

- The **location-based** method involves accounting for emissions from electricity consumption by applying average national emission factors for the various Countries in which electricity is purchased.

In the 2019-2021 period, emissions decreased by 48.38%,

Emissions - GHG / CO ₂ - Scope 1 t CO ₂ e	2019 ¹	2020 ¹	2021
Transport fuel			
Diesel	856	564	562
Petrol	12	9	21
	868	573	584
Methane	3,840	3,468	3,392
F-gas (refrigerant gases dispersed in the atmosphere / air conditioning systems)			71
Total - Emissions Scope 1	4,708	4,041	4,046
Emissions - GHG / CO ₂ - Scope 2 Market-based t CO ₂ e	2019	2020	2021
Electricity	3,674	281	281
Emissions - GHG / CO ₂ - Scope 1 + Scope 2 Market-based t CO ₂ e	2019	2020	2021
Total emissions GHG Scope 1	4,708	4,041	4,046
Total emissions GHG Scope 2 Market-based	3,674	281	281
Total	8,382	4,322	4,327
Emissions reduction over three years %			-48.38%

¹ The 2019 and 2020 emission values were changed insignificantly from the figure published in the 2020 NFS due to marginal changes in emission factors. The Scope 1 emission values were tCO₂e 4,760 for 2019 and 4,075 for 2020, respectively. Similarly, the Scope 2 - Market based GHG emission values were 3,666 (2019) and 191 (2020). The reasons for the adjustments are mainly due to adjustment invoices / consumption adjustments for those periods.

Source

Methane/ Fuels: IPCC Guidelines 2006 Refined 2019

Electricity Market-based - Source: [European Residual Mix | AIB \(aib-net.org\)](https://european-residual-mix.com/)

For comparison purposes, emission data are shown below with the calculation (for electricity) of emissions according to the location-based methodology.

Emissions - GHG / CO ₂ - Scope 1 + Scope 2 Location-based t CO ₂ e	2019 ¹	2020 ¹	2021
Total emissions GHG Scope 1	4,708	4,041	4,046
Total emissions GHG Scope 2 Location-based	2,626	2,333	2,349
Total	7,334	6,374	6,396
Emissions reduction over three years %			-12.79%

Source

Electricity Location-based- Source: Terna / Enerdata - Historical statistic data on electricity and the latest electricity balance.

<https://www.terna.it/it/sistema-elettrico/statistiche/pubblicazioni-statistiche> -

¹ The 2019 and 2020 emission values have been changed to an insignificant extent compared to the figure published in the 2020 NFS due to the publication of updated emission factors and the adjustment of energy consumption. The Scope 2 - Location-based emission values were tCO₂e 2,775 for 2019 and 2,455 for 2020 respectively.

Emissions intensity

The table below shows the measurement indicators of the emissions intensity (Scope 1 – Scope 2). The parameters applied are consistent with those used to calculate the energy intensity indexes.

Emission intensity - Market-based	Unit	2019	2020	2021
Emissions Scope 1+ Scope 2	t CO2e	8,382	4,322	4,327
Man - hours worked ¹	h	1,092,736	938,836	901,971
Intensity index	t CO2e/h	7.67	4.60	4.80
Emission intensity - Market-based	Unit	2019	2020	2021
Emissions Scope 1+ Scope 2	t CO2e	8,382	4,322	4,327
Products sold	No.	45,756,464	35,389,661	34,901,594
Intensity index	t CO2e/Nr	0.18	0.12	0.12

¹ Hours worked referring to production plants and other sites except shops, consistent with the consumption figure expressed in MJ in the table.

Biodiversity – emissions and climate change

Biodiversity is the variety of living beings that populate the Earth, and it is measured at the level of genes, species, populations and ecosystems. A variety of organisms, beings, plants, animals and ecosystems all linked one to the other, all indispensable. Thanks to biodiversity, Nature is able to provide food, water, energy and resources for our daily life. Biodiversity guarantees survival of life on Earth, and all organisations have the duty to preserve the environment and the Earth's resources for future generations (*Source: WWF Italy*).

Biodiversity and climate change

Although the full scope of the current phase of climate change is difficult to estimate accurately, the majority of the possible scenarios predict an overall average scale-up of at least 2°C compared to pre-industrial levels. Despite international efforts aimed at mitigating the phenomenon of global warming, the role of biodiversity in ramping up the level of adaptation of ecosystems to change in progress is often neglected. Therefore, focusing on the preservation of the species is a key and vital step to ensure the quality of human life in a world that is destined to change. The relationship between the number of native species and the resilience of ecosystems has been and continues to be the subject of numerous ecology studies. In most cases there is a positive correlation.

An ecosystem with a high number of species is able to address the impacts of change, including that of the climate, in a more proficient manner. Even in the face of the extinction of certain species, it can reconfigure itself, giving life to new combinations capable of maintaining its productivity. Yet in some cases, the destruction of a sufficient number of life forms can inhibit this recovery potential, as it lacks the variation to be recruited to fill the voids. The possibility of limiting the effects of climate change by means of the protection of biodiversity has been clearly demonstrated. For instance, the creation of protected marine areas increases the likelihood of the recolonisation of corals following the mass die-offs due to temperature peaks. The same principle applies to rainforests, essential carbon deposits, following episodes of deforestation. Given the uncertainty associated with climate change, the principle of precaution imposes the preservation of the maximum number of species and the maximum extension of habitats possible. Because, which of these in the coming decades will actually be able to ensure the resilience required, is currently by no means sure.

CSP Group activities - Impact of production facilities

The French production unit of Le Vigan (Gard), located in the South of France, is near the 'Parc National des Cévennes'. This Park, inaugurated in 1970, covers a mountainous area of average altitude that comprises the following habitats: grass land, deciduous forest and peat bog. Human activities played a significant role in shaping the mosaic of environments in the Park, through agriculture–pasture. Approximately 600 people still reside in the central area of the Park, whilst approximately 41,000 reside in the external protection perimeter. Despite man's presence, the Park is home to a large number of rare species at the regional level, and even some globally-threatened species. The production activities and processes of the CSP production facility are not such as to have any negative consequences on the Park's biodiversity and eco-balance.

GRI CONTENT INDEX

GRI 102-55

Unless otherwise specified, the GRI Standards published in 2016 have been used. GRI 303 *Water and Discharges* and GRI 403 *Occupational Health and Safety*, respectively, published in 2018 were used for disclosure. For the purpose of this NFS, GRI 207 (published in 2019) on *"Taxes"* was also applied, while GRI 306 *Waste* (2020) has been used to report on waste from this NFS onwards.

GRI General disclosure

GRI Sustainability Reporting Standard		Chapter /Paragraph References	Notes Application standard
102	GENERAL DISCLOSURE		
	ORGANIZATION PROFILE		
102- 1	Name of the organization	01 CSP - Markets, strategy and sustainability / CSP international	
102- 2	Activities, brands, products and services.	01 CSP – Markets, strategy, sustainability/ CSP International 02 Made in CSP / CSP Sustainable Business Company 02 Made in CSP / Innovation and Sustainability	
102- 3	Location of headquarters	01 CSP - Markets, strategy and sustainability / CSP international	
102- 4	Location of operations	01 CSP - Markets, strategy and sustainability / CSP international 02 Made in CSP / The production chain	
102- 5	Ownership and legal form	01 CSP - Markets, strategy and sustainability / CSP international	
102- 6	Markets served	01 CSP - Markets, strategy and sustainability / CSP international	
102- 7	Scale of the organization	01 CSP - Markets, strategy and sustainability / CSP international	
102- 8	Information on employees and other workers	05 The human resource /The employees	
102- 9	Supply chain	02 Made in CSP / The production chain	
102- 10	Significant changes to the organization and its supply chain	01 CSP - Markets, strategy and sustainability / CSP international 02 Made in CSP / The production chain	
102- 11	Precautionary principle	03 Governance / Risk management	
102- 12	External initiatives	03 Governance / Corporate governance	
102- 13	Membership of Associations	03 Governance / Corporate governance	
	STRATEGY		
102- 14	Statement from senior decision-maker.	Letter to the Stakeholders	
102- 15	Main impacts, risks and opportunities	01 CSP - Markets, strategy and sustainability / The sector: sustainability as a strategic priority 03 Governance / Risk management 05 Human resources/ Production reorganisation measures and Covid-19 impacts	
	ETHICS AND INTEGRITY		
102- 16	Values, principles, standards and norms of behaviour	03 Governance / Responsible Business Management	

102- 17	Mechanisms for advice and concerns about ethics topics	03 Governance / Responsible Business Management	
	GOVERNANCE		
102- 18	Governance structure	03 Governance / Corporate governance	
	ENGAGEMENT OF THE STAKEHOLDERS:		
102- 40	List of Stakeholder groups	01 CSP - Markets, strategy and sustainability / CSP impacts - Materiality Analysis	
102- 41	Collective bargaining agreements	05 The Human Resources/ Personnel management, value enhancement and development policies	
102- 42	Identifying and selecting stakeholders	01 CSP - Markets, strategy and sustainability / CSP impacts - Materiality Analysis	
102- 43	Approach to Stakeholder engagement	01 CSP - Markets, strategy and sustainability / CSP impacts - Materiality Analysis	
102- 44	Key topics and concerns raised	01 CSP - Markets, strategy and sustainability / CSP impacts - Materiality Analysis	
	REPORTING PRACTICE		
102- 45	Entities included in the Consolidated financial statements	Methodological note	
102- 46	Defining report content. and topic boundaries	Methodological note	
102- 47	List of material topics	01 CSP - Markets, strategy and sustainability / CSP impacts - Materiality Analysis	
102- 48	Restatements of information	01 CSP - Markets, strategy and sustainability / CSP impacts - Materiality Analysis	
102- 49	Changes in reporting	01 CSP - Markets, strategy and sustainability / CSP impacts - Materiality Analysis	
102- 50	Reporting period	Methodological note	
102- 51	Date of the most recent period	Methodological note	
102- 52	Reporting cycle	Methodological note	
102- 53	Contacts for questions regarding the report	Methodological note	
102- 54	Claims of reporting in accordance with the GRI Standards	Methodological note	
102- 55	GRI Content index	GRI Content Index	
102- 56	External Assurance	Report by the auditing company	

GRI Standards – Specific Indicators / Material topics

	Material topic	Ethics, integrity and regulatory compliance	
103	Management approach		
103- 1	Explanation of the material topic and its boundary	01 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	
103- 2	The management approach and its components	03 Governance / Responsible Business Management	
103- 3	Evaluation of the management approach	03 Governance / Responsible Business Management	
	GRI Specific Topics		
205	ANTI-CORRUPTION		
205- 1	Operations assessed for risks related to corruption	03 Governance / Responsible Business Management	
205- 3	Confirmed incidents of corruption and actions taken	03 Governance / Responsible Business Management	
206	ANTI-COMPETITIVE BEHAVIOUR		

206- 1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	03 Governance / Compliance	
207	TAXES – 2019		
207- 1	Approach to tax	03 Governance / Compliance	
207- 2	Tax governance, control and risk management	03 Governance / Compliance	
207- 3	Stakeholder engagement and management of concerns related to tax.	03 Governance / Compliance	
207- 4	Country-by-Country Reporting	03 Governance / Compliance	
307	ENVIRONMENTAL COMPLIANCE		
307- 1	Non-compliance with environmental laws and regulations	03 Governance / Compliance	
406	NON-DISCRIMINATION		
406- 1	Incidents of discrimination and corrective measures taken	05 The Human Resources/ Personnel management, value enhancement and development policies	
419	SOCIO-ECONOMIC COMPLIANCE		
419- 1	Non-compliance with laws and regulations in the social and economic area	03 Governance / Compliance	
	Material topic	Data security and privacy protection	
103	Management approach		
103- 1	Explanation of the material topic and its boundary	01 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	
103- 2	The management approach and its components	03 Governance / Compliance	
103- 3	Evaluation of the management approach	03 Governance / Compliance	
	GRI Specific Topics		
418	CUSTOMER PRIVACY		
418- 1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	03 Governance / Compliance	
	Material topic	Brand image and reputation	
103	Management approach		
103- 1	Explanation of the material topic and its boundary	01 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	
103- 2	The management approach and its components	02 Made in CSP / CSP - Sustainable Business Company	
		02 Made in CSP / Distribution and relationship with the customer: responsible marketing	
103- 3	Evaluation of the management approach	02 Made in CSP / CSP - Sustainable Business Company	
		02 Made in CSP / Distribution and relationship with the customer: responsible marketing	
	GRI Specific Topics		
	Topic covered by GRI General Disclosure (102)		
	Material topic	Economic performance: value creation and distribution	
103	Management approach		
103- 1	Explanation of the material topic and its boundary	01 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	
103- 2	The management approach and its components	04 Economic results and distributed value/ The economic value generated and distributed	

103- 3	Evaluation of the management approach	04 Economic results and distributed value/ The economic value generated and distributed	
	GRI Specific Topics		
201	ECONOMIC PERFORMANCE		
201- 1	Direct economic value generated and distributed	04 Economic results and distributed value/ The economic value generated and distributed	
201- 4	Financial assistance received from the Government	04 Economic results and distributed value/ The economic value generated and distributed	
	Material topic	Material and product innovation and sustainability	
103	Management approach		
103- 1	Explanation of the material topic and its boundary	01 CSP Markets, strategy and sustainability / CSP impacts - Materiality analysis	
103- 2	The management approach and its components	01 Markets, strategy and sustainability / CSP – Commitment to sustainability	
		02 Made in CSP / CSP - Sustainable Business Company	
		02 Made in CSP Innovation and Sustainability	
103- 3	Evaluation of the management approach	01 CSP - Markets, strategy and sustainability / CSP - Commitment to sustainability	
		02 Made in CSP / CSP - Sustainable Business Company	
		02 Made in CSP / Innovation and Sustainability	
	GRI Specific Topics		
301	MATERIALS		
301- 1	Materials used by weight or volume	02 Made in CSP / Innovation and Sustainability	
	Material topic	Product quality, safety and traceability	
103	Management approach		
103- 1	Explanation of the material topic and its boundary	01 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	
103- 2	The management approach and its components	02 Made in CSP / CSP - Sustainable Business Company	
		02 Made in CSP / The production chain	
103- 3	Evaluation of the management approach	02 Made in CSP / CSP - Sustainable Business Company	
		02 Made in CSP / The production chain	
	GRI Specific Topics		
416	CUSTOMER HEALTH AND SAFETY		
416- 2	Incidents of non-compliance concerning the health and safety impacts of products and services	03 Governance / Compliance	
	Material topic	Customer: responsible marketing	
103	Management approach		
103- 1	Explanation of the material topic and its boundary	01 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	
103- 2	The management approach and its components	02 Made in CSP / Distribution and relationship with the customer: responsible marketing	
103- 3	Evaluation of the management approach	02 Made in CSP / Distribution and relationship with the customer: responsible marketing	
	GRI Specific Topics		
417	MARKETING AND LABELING		
417- 1	Requirements for product and service information and labeling	02 Made in CSP / Distribution and relationship with the customer: responsible marketing	

417- 2	Incidents of non-compliance concerning products and service information and labeling	03 Governance / Compliance	
417- 3	Incidents of non-compliance concerning marketing communications	03 Governance / Compliance	
	Material topic	Supply chain: partnership for sustainability	
103	Management approach		
103- 1	Explanation of the material topic and its boundary	01 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	
103- 2	The management approach and its components	02 Made in CSP / The production chain	
103- 3	Evaluation of the management approach	02 Made in CSP / The production chain	
	GRI Specific Topics		
308	SUPPLIER ENVIRONMENTAL ASSESSMENT		
308- 2	Negative environmental impacts in the supply chain and actions taken.	02 Made in CSP / The production cycle	
414	SUPPLIER SOCIAL ASSESSMENT		
414- 2	Negative social impacts in the supply chain and actions taken.	02 Made in CSP / The production cycle	
	Material topic	Support for territory development (Local suppliers and communities)	
103	Management approach		
103- 1	Explanation of the material topic and its boundary	01 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	
103- 2	The management approach and its components	02 Made in CSP / CSP and the territory	
103- 3	Evaluation of the management approach	02 Made in CSP / CSP and the territory	
	GRI Specific Topics		
204	PROCUREMENT PRACTICES		
204- 1	Proportion of spending on local suppliers	02 Made in CSP / CSP and the territory	
	Material topic	Employment and skills protection	
103	Management approach		
103- 1	Explanation of the material topic and its boundary	01 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	
103- 2	The management approach and its components	05 The Human Resources/ Personnel management, value enhancement and development policies	
		05 Human resources/ Market difficulties, production reorganisation measures and Covid-19 impacts	
103- 3	Evaluation of the management approach	05 The Human Resources/ Personnel management, value enhancement and development policies	
		05 Human resources/ Market difficulties, production reorganisation measures and Covid-19 impacts	
	GRI Specific Topics		
401	EMPLOYMENT		
401- 1	New employee hires and employee turnover	05 The human resource /The employees	
404	TRAINING AND EDUCATION		
404- 1	Average hours of training per year per employee	05 The human resource / Training	
	Material topic	Working environment - diversity - equal opportunity	

103	Management approach		
103- 1	Explanation of the material topic and its boundary	01 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	
103- 2	The management approach and its components	05 The human resource /The employees	
103- 3	Evaluation of the management approach	05 The human resource /The employees	
	GRI Specific Topics		
401	EMPLOYMENT		
401- 1	New employee hires and employee turnover	05 The human resource /The employees	
401- 3	Parental leave	05 The human resource /The employees	
405	DIVERSITY AND EQUAL OPPORTUNITY		
405- 1	Diversity of governance bodies and employees	05 The human resource /The employees	
405- 2	Ratio of basic salary and remuneration of women to men	05 The human resource /The employees	
	Material topic	Workers' health and safety	
103	Management approach		
103- 1	Explanation of the material topic and its boundary	01 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	
103- 2	The management approach and its components	05 Human resources/ Occupational health and safety	
103- 3	Evaluation of the management approach	05 Human resources/ Occupational health and safety	
	GRI Specific Topics		
403	OCCUPATIONAL HEALTH AND SAFETY		
403- 1	Occupational health and safety management system	05 Human resources/ Occupational health and safety	
403- 2	Hazard identification, risk assessment and accident investigations	05 Human resources/ Occupational health and safety	
403- 3	Occupational health services	05 Human resources/ Occupational health and safety	
403- 4	Worker participation, consultation, and communication on occupational health and safety	05 Human resources/ Occupational health and safety	
403- 5	Worker training on occupational health and safety.	05 Human resources/ Occupational health and safety	
403- 6	Promotion of worker health	05 Human resources/ Occupational health and safety	
403- 7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	05 Human resources/ Occupational health and safety	
403- 8	Workers covered by an occupational health and safety management system.	05 Human resources/ Occupational health and safety	
403- 9	Work-related injuries	05 Human resources/ Occupational health and safety	
	Material topic	Sustainable production processes (chemical management - water - waste)	
103	Management approach		
103- 1	Explanation of the material topic and its boundary	01 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	
103- 2	The management approach and its components	06 The environment/ Environmental protection and use of natural resources	
103- 3	Evaluation of the management approach	06 The environment/ Environmental protection and use of natural resources	
	GRI Specific Topics		
303	WATER AND WATER DRAINS		

303- 1	Interactions with water as a shared resource.	06 The environment/ Responsible use of resources	
302- 2	Management of water discharge-related impacts	06 The environment/ Responsible use of resources	
303- 3	Water withdrawal	06 The environment/ Responsible use of resources	
306	WASTE		
306- 1	Waste generation and significant waste-related impacts.	06 The environment/ Responsible use of resources	
306- 2	Management of significant waste-related impacts	06 The environment/ Responsible use of resources	
306- 3	Waste generated	06 The environment/ Responsible use of resources	
306- 4	Waste diverted from disposal	06 The environment/ Responsible use of resources	
306- 5	Waste directed to disposal	06 The environment/ Responsible use of resources	
	Material topic	Energy,emissions and climate change	
103	Management approach		
103- 1	Explanation of the material topic and its boundary	01 CSP Sustainability and Strategy/ CSP impacts - Materiality analysis	
103- 2	The management approach and its components	06 The environment/ Environmental protection and use of natural resources	
103- 3	Evaluation of the management approach	06 The environment/ Environmental protection and use of natural resources	
	GRI Specific Topics		
302	ENERGY		
302- 1	Energy consumed within the organization	06 Environment/ Energy, emissions and climate change	
302- 3	Energy intensity	06 Environment/ Energy, emissions and climate change	
305	EMISSIONS		
305- 1	Direct GHG emissions (Scope 1)	06 Environment/ Energy, emissions and climate change	
305- 2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	06 Environment/ Energy, emissions and climate change	
305- 4	GHG emissions intensity	06 Environment/ Energy, emissions and climate change	



CSP INTERNATIONAL FASHION GROUP SPA

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED
NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016 AND
ARTICLE 5 OF CONSOB REGULATION NO. 20267 OF JANUARY
2018**

YEAR ENDED 31 DECEMBER 2021



Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018

To the board of directors of CSP International Fashion Group SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement of CSP International Fashion Group SpA and its subsidiaries (the "Group" or "CSP Group") for the year ended 31 December 2021 prepared in accordance with article 4 of the Decree, and approved by the board of directors on 28 March 2022 (the "NFS").

Our review does not extend to the information set out in the paragraph "11. Taxonomy regulation art. 8" of the NFS, required by article 8 of European Regulation 2020/852.

Responsibility of Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the dai "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 and updated to 2020, from GRI – Global Reporting Initiative (hereafter the "GRI Standards"), identified by them as the reporting standard.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated or faced by the Group.

The Board of Statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and the GRI Standards.

We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in the Group's consolidated financial statements;
4. understanding of the following matters:
 - business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of CSP International Fashion Group SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level:
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the Ceresara site, which was selected on the basis of its activities and its contribution to the performance indicators at a consolidated level, we discussed with management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of CSP Group for the year ended as of 31 December 2021 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards, with reference to the selection of GRI Standards included in the NFS.

Our conclusions on the NFS of CSP Group do not extend to the information set out in the paragraph “11. Taxonomy regulation art. 8” of the NSF, required by article 8 of European Regulation 2020/852.

Milan, 6 April 2022

PricewaterhouseCoopers SpA

Signed by

Alessandro Mazzetti
(Partner)

Signed by

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2021 translation.